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AGREEMENT
AND
ANNEX A
STANDARD WAGE CLASSIFICATION
AGREEMENT OF MAY 30, 2004
BETWEEN

pepco

POTOMAC ELECTRIC POWER COMPANY
AND
PHI SERVICE COMPANY



AND



LOCAL UNION #1900
OF THE
INTERNATIONAL BROTHERHOOD *126 pp*
OF
ELECTRICAL WORKERS

EFFECTIVE May 30, 2004 - 5/31/09
2004 - 2008

With Wage and Salary Schedule
Effective
May 30, 2004
May 29, 2005
June 4, 2006
June 3, 2007
June 1, 2008

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PREAMBLE

THIS COLLECTIVE BARGAINING AGREEMENT IS MADE BY AND BETWEEN POTOMAC ELECTRIC POWER COMPANY AND PHI SERVICE COMPANY (HEREINAFTER REFERRED TO AS THE "COMPANY") AND LOCAL UNION #1900 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (HEREINAFTER REFERRED TO AS THE "UNION"). THE PARTIES DO HEREBY AGREE AS FOLLOWS:

ARTICLE 1

MANAGEMENT

Section 1.01. By reason of the nature of the business of the Company it is essential, and is therefore agreed, that the management of the Company, the supervision and control of all operations and the direction of the working forces, including, but not limited to, the right to hire, suspend, furlough, discipline, discharge for cause, promote, demote, or transfer employees, and the right to operate the Company, shall be vested in, and reserved to, the Company, except as herein limited.

ARTICLE 2

BARGAINING UNIT

Section 2.01. The Union is recognized as the sole collective bargaining agent for the bargaining unit, which is composed of all employees of the Company in all Pepco and heritage Pepco bargaining unit classifications at all work locations, regardless of the method of pay, excluding only confidential employees, security employees (guards), and professional, supervisory and management employees. Pepco heritage bargaining unit classifications are those bargaining unit classifications in PHI Service Company that were formerly in Pepco on the date immediately preceding the merger of Pepco and Conectiv (July 31, 2002).

Section 2.02. Regular employees are employees whose employment is reasonably expected to be permanent at the time they are employed, and it is contemplated that they will work in each calendar week a normal workweek.

Section 2.03. Temporary employees are employees whose employment is with the definite understanding that the employment is not of a permanent nature, but it is contemplated that they will work a normal workweek while employed. The Company will inform the Union of the employment and assigned Department of such employees and the expected duration of their employment.

Section 2.04. Whenever the terms "employee" or "employees" are used in this Agreement, they shall refer only to employees in the bargaining unit as identified herein unless specifically stated otherwise.

Section 2.05. Casual employees are employees who are employed to work part-time of less than a normal workday or a normal workweek. They may be assigned to bargaining unit work but are not in the bargaining unit or subject to this Agreement. These employees will not in any instance deprive qualified regular employees of overtime work. The Company will inform the Union of the employment and assigned Departments of such employees.

Section 2.06. Any existing bargaining unit job moved from bargaining unit to non- bargaining unit will be negotiated with the Union by the Company.

Section 2.07. The Union and the Company shall keep each other informed as to the individuals authorized to act in Union-Management relationships.

Section 2.08. It is the continuing policy of the Company and the Union that the provisions of this Agreement shall be applied to all employees without regard to race, color, religion, national origin, age, sex, handicap, or status as a disabled veteran or veteran of the Vietnam Era.

Section 2.09. The use of the masculine or feminine gender in this Agreement shall be construed as including both genders and not as sex limitations unless the Agreement clearly requires a different construction.

ARTICLE 3

UNION MEMBERSHIP AND DUES DEDUCTION

Section 3.01. It is agreed that upon completion of one (1) month of continuous service employees in bargaining unit positions shall, as a condition of employment, arrange to either:

- (a) Become a member of the Union and maintain membership in the Union in good standing in accordance with its Constitution and Bylaws; or
- (b) In the case of an employee who is a member of and adheres to established and traditional tenets or teachings of a bona fide religion, body, or sect which has historically held conscientious objections to joining or financially supporting labor organizations, tender sums equal to the dues and initiation fees of the Union to a non-religious non-labor organization charitable fund exempt from taxation under Section 5.01(c)(3) of Title 26 of the Internal Revenue Code, chosen by such employee from the following three funds:

Washington Hospital Center Regional Skin Bank
(IRS-ID#53-0239275)

American Cancer Society
(IRS-ID#52-0591532)

American Heart Association
(IRS-ID#53-0213318)

If such employee who holds conscientious objections pursuant to this provision requests the Union to use the grievance-arbitration procedure on his or her behalf, the Union has

the right, in accordance with Section 19 of the National Labor Relations Act, as amended, to charge the employee for the reasonable cost, which shall be determined by the Union, for using such procedures.

- (c) No provision of subparagraph (a) shall apply in any state to the extent that it is prohibited by state law.

Section 3.02. The Union will, on such terms and conditions as are generally applicable to other members accept into membership all employees in the bargaining unit.

Section 3.03. All present, new and rehired employees who are in bargaining unit positions, upon completion of the above stated time period shall, as a condition of employment, tender the initiation fees and standard dues uniformly required as a condition of acquiring and retaining membership in the Union, except as provided for in Section 3.01(b) above. It is agreed that the Union shall notify the Company by certified mail when any bargaining unit employee has become delinquent in tendering either the standard dues or initiation fees uniformly required as provided for in Section 3.01(a) above or the equivalent sums as provided for in Section 3.01(b) above, and the Company shall thereupon notify the employee that, unless he/she tenders to the Union the delinquent dues or initiation fees or their equivalent within 30 days, his/her employment by the Company shall be terminated. The Union agrees that it will not require the Company to discharge any such employee for any reason other than failure of the employee to tender such fees and/or dues uniformly required as a condition of acquiring or retaining membership in the Union, or as required under Section 3.01(b) above.

Section 3.04. The Company agrees to deduct all such dues and fees, or their equivalent from the pay of each employee from whom it receives a lawful written authorization and will continue to make such deductions while the authorization remains in effect. Such deductions shall be made from the payroll for the month following the month in which written authorization is received by the Company. The sums so collected shall be paid by the Company to the Financial Secretary of the Union. The Union shall notify the Company in writing of any changes in said fees and/or dues, or their equivalent, but in no case shall the Company collect and/or pay over to the Union any sums in excess of those authorized.

Section 3.05. Notwithstanding anything to the contrary contained herein or in any such written authorization, the Company may, in its discretion, cease to deduct and pay over in accordance with any such written authorization from and after the date on which the grantor of such authorization ceases to occupy a position included in the bargaining unit.

Section 3.06. All such written authorizations, and all withdrawals, cancellations and modifications thereof, shall be valid and effective, notwithstanding anything to the contrary contained therein or herein, only if transmitted to the Company through the Financial Secretary of the Union.

Section 3.07. The Union shall indemnify and save the Company harmless against any and all claims, demands, lawsuits, or other forms of liability that may arise out of or by reason of action taken by the Company in making payroll deductions of Union membership dues, and/or fees, or their equivalent, as herein above defined or as a result of discharge of an employee for failure to pay such dues and/or fees, or their equivalent.

Section 3.08. In order to facilitate voluntary contributions to the IBEW Committee on Political Education (COPE), the Company agrees to deduct a specified dollar amount from the pay of each employee for whom it receives a lawful written authorization, provided the salary, wages or sickness benefit payments due the employee for a payroll period are sufficient to permit such deduction. The Company will continue to make such deductions while the authorization remains in effect or until the employee ceases to occupy a position included in the bargaining unit.

- (a) The sums so collected shall be paid by the Company to the Financial Secretary of the Union. The Union shall notify the Company in writing of any changes of the deduction amounts authorized, but in no case shall the Company collect and/or pay over to the Union any sums in excess of those authorized.
- (b) All written authorizations, and all withdrawals, cancellations and modifications thereof, shall be valid and effective, notwithstanding anything to the contrary contained therein or herein, only if transmitted to the Company through the Financial Secretary of the Union.
- (c) As required by law, the Union shall reimburse the Company for the full cost of implementation and continued administration of the payroll deduction system for IBEW COPE.
- (d) The Union shall indemnify and save the Company harmless against any and all claims, demands, lawsuits, or other forms of liability that may arise out of or by reason of action taken by the Company in making payroll deductions of IBEW COPE contributions.

ARTICLE 4

UNION BUSINESS

Section 4.01. Upon proper request as hereinafter set forth, Union Officers, Chief Stewards, and Stewards shall be excused from duty in order to attend to Union business.

- (a) Request for time off for Union business shall be made to the Department Head or Supervisor as early as possible in advance and permission obtained before leaving. The Supervisor will grant permission except in cases of emergency when any one of the above named cannot be spared.
- (b) Excused persons (named above) shall report back to their supervisors immediately upon return to duty.
- (c) Time off for the purpose of attending to Union business shall be limited to short periods of time. Protracted absences must be taken up specially in accordance with Article 14, Section 14.10.
- (d) Any other member of the Union whose services are required in connection with Union business shall be excused from duty for up to one day upon request of the President of the Union (or his/her designated representative) to the member's Supervisor or Department Head under the same conditions as listed above.

Section 4.02. In order to investigate alleged grievances, a Union Officer, Chief Steward or Steward shall be permitted to visit employees at work or observe working conditions. On such occasions, the person shall first see the Department Head, who will make such arrangements as may be necessary, provided there is no undue interference with work in progress. Upon being granted permission to enter the property, the Union Officer, Chief Steward or Steward will conform to all Company regulations.

Section 4.03. Union Officers, Chief Stewards or Stewards or any other Union representatives shall not engage in Union activities on Company time or property except as provided in Section 4.01 of this Article or in Articles 16, 17 or 18.

Section 4.04. The Company's compensation procedure with respect to time off for employees relative to Union business shall be as follows:

- (a) Under Step 1 of Article 17 of this Agreement, the Company will compensate the grievant and the Steward for hours spent in discussion meetings with Company representatives. If such meetings take place outside the grievant's regular working hours or extend beyond the grievant's regular working hours, then such time shall be compensated at the straight time rate.
- (b) For Step 2 meetings under Article 17, the Company agrees to compensate the grievant, the Steward and/or the Chief Steward on the same basis as Section 4.04(a) above.
- (c) The Company will not compensate any Union members for time spent in arbitration hearings or labor contract negotiating meetings.
- (d) No person who is a full-time employee of the Union shall receive any compensation from the Company for any meetings held in connection with this Agreement.
- (e) For meetings scheduled under the terms of Article 16 of this Agreement, the Company will compensate the Steward for time in such meetings within the guidelines of Section 4.04(a) above.
- (f) Union members who are requested by the Company or OSHA or who are required under State or Federal regulations to attend, assist or accompany OSHA tours or OSHA meetings will be compensated for hours spent during their regularly scheduled working hours. Time spent where Union members have requested voluntary involvement shall not be compensated by the Company.
- (g) The Union will make a reasonable effort to minimize the need for Stewards to handle grievances outside their Department or regular work location.

ARTICLE 5

PAY PROGRESSION, WORK ASSIGNMENTS, AND JOB CLASSIFICATIONS

Section 5.01. Wages and salaries shall be paid in accordance with the Standard Wage Classification (identified as Annex A of this Agreement).

Section 5.02. Progression periods for advancement from the minimum rate to the maximum rate indicated for the various positions included in the bargaining unit shall be on a time and merit basis. Employees receiving less than the maximum rate shall be considered for advancement to the next step rate at the time intervals prescribed in the Standard Wage Classification until they reach the maximum rate of the Pay Grade to which their classification is assigned. Dates for consideration for advancement shall be known as consideration dates. When the employee's ability and general performance record have been satisfactory since his/her last consideration date, he/she shall be advanced to the next step rate. Employees who are to be denied advancement to the next step rate shall be notified in writing of that fact, and the reasons therefore, at least one week prior to their consideration dates, unless absence from work precludes such notice. In such case, the employee shall be given written notice upon return to work.

Section 5.03. Employees not at work for a period of time in excess of 31 consecutive calendar days shall have their consideration dates postponed until they have worked the full period required by the Standard Wage Classification. This shall not apply to employees absent due to an injury incurred in line of duty or because of jury duty or vacation; or to employees absent because they are reservists or National Guard called to active duty for annual military training or temporary active duty by the declaration of an emergency by a state governor or the Mayor of the District of Columbia.

Section 5.04. Changes in pay rates shall become effective on the first day of the payroll period nearest the consideration date.

- (a) An employee whose classification is changed to one in a higher Pay Grade shall receive an increase in pay that is more than the largest increase between the step rates of his/her former Pay Grade.
- (b) Except as provided in Subsection (c) below, an employee whose classification is changed to one in a lower Pay Grade shall enter the new Pay Grade at the first step; if, during the first consideration period, the employee demonstrates that he/she is qualified to be in a higher step in the Pay Grade than the step for which he/she is being considered at his/her consideration date, he/she shall be moved to the highest step for which he/she is deemed qualified.
- (c) An employee whose classification is changed to one in a lower Pay Grade within the same Occupational Group or another Occupational Group whose work is like or similar to the work of the Occupational Group from which the employee came shall enter the new Pay Grade at the highest step which is not greater than his/her former rate of pay. During his/her first consideration period (or within six (6) months, if at the top step), the employee must demonstrate satisfactorily through his/her general work performance that he/she is qualified for that rate. If the employee's performance does not demonstrate such

qualification, he/she shall be notified, in writing, of the fact, the reasons therefore, and the step rate in which he/she is to be placed, at least one (1) week before the consideration date unless absence from work precludes such notice, in which case the employee shall be given written notice upon return to work.

- (d) In order to determine which is the higher Pay Grade in the case of a change between weekly and hourly Pay Grades, the weekly equivalent of the top step of the hourly rate shall be compared to the top step of the weekly rate.
- (e) An employee whose classification is changed to a classification which is 2 or more Pay Grades below his/her present Pay Grade, the provisions of Section (c) above shall apply.

Section 5.05. The Company agrees that all regular employees will receive a full day's employment each basic scheduled workday of their basic scheduled workweek provided they report for work in accordance with their assigned basic work schedules and the terms and conditions of this Agreement and are in condition to perform their work.

Section 5.06. It is understood and agreed that a full day's employment is defined as the basic schedule only and includes no hours of overtime. It is further agreed that this basic schedule will not be considered as changed by the addition of overtime hours immediately preceding and/or immediately following the basic schedule.

Section 5.07. This is not to preclude furloughs with proper notice as provided in Article 9. This is not to affect the Company's right to suspend employees from duty for disciplinary reasons.

Section 5.08. It is agreed that in the day-by-day assignment of duties in the normal work of any particular Occupational Group, the Company may assign to employees in the Occupational Group any duties required for the execution of that work.

Section 5.09. It is further agreed that the Company may, when necessary, assign employees to duties outside of the normal work of their Occupational Group under the following conditions:

- (a) To keep employees productively and usefully engaged in filling in the guaranteed full employment workweek, or
- (b) When normal work (of an employee) is slack, or
- (c) To avoid furloughs, or
- (d) Where there is insufficient work to provide full-time work for any employee of a particular classification, or
- (e) While training employees for advancement to higher rated jobs.

Section 5.10. It is further agreed that the Company may, when necessary, in order to meet service requirements, or fulfill the Company's overall work requirements, or substitute for sickness, vacation or other absence, temporarily assign employees to duties outside the normal work of their Occupational Group, provided that, prior to any such assignment, the Company shall first fully utilize the employees in the other Occupational Group to execute the work.

Section 5.11. Any such assignment under Sections 5.09 and 5.10 shall be (1) a temporary assignment; (2) made only for the above enumerated purposes; (3) terminated as soon as possible consistent with the above purposes; (4) made by the Company without discrimination for Union or personal reasons; and (5) the employee so assigned shall be paid in accordance with Section 5.12 while temporarily assigned.

Section 5.12.

- (a) When an employee is temporarily assigned to a job in a higher classification and performs the normal duties and responsibilities of the job, such employee shall be paid the rate of the job for which the employee has previously qualified, or a rate shown in the Annex A Schedules for that job which is at least seventy (\$.70) cents an hour (\$30.00 a week in weekly rated jobs) over his/her basic regular rate, whichever is higher. The rate of pay is applicable only to time worked and is not to be considered as the employee's regular rate.
- (b) While upgraded to Supervisor, an employee shall not be assigned to perform bargaining unit work on an overtime basis within 24 hours after starting the upgrade except (1) in emergencies or (2) when no other employee eligible to work such overtime is available to work the overtime on a voluntary basis.

Section 5.13. It is agreed that to be entitled to the higher rate of pay, the employee must be capable of performing the normal duties and responsibilities of the higher classification as needed that day; however, such capability is not to be considered as a determination as to qualification for permanent promotion to the higher rated classification.

Section 5.14. When an employee is promoted or temporarily upgraded to a job classification in a higher Pay Grade, credit shall be given in establishing the applicable rate of pay and next consideration date for all periods of prior temporary upgrading for which payment was made in that higher Pay Grade.

Section 5.15. When an employee is assigned to fill a permanent job vacancy in a higher Pay Grade and is deemed qualified to perform the duties of the job, he/she shall be promoted at the time of assignment. If the employee assigned must be given training in order to be able to assume the duties of the job, a training period of 3 months shall be allowed for him/her to establish his/her fitness. During this training period he/she shall receive his/her old rate of pay.

Section 5.16. It is agreed that in the interest of obtaining improved service, better operations or lower costs, the Company has the right to make changes in equipment, operations, and the organization of work, including the determination of job content, requirements and qualifications; and combine jobs, eliminate jobs, and create new jobs, and it is understood that this is a proper function of management.

Section 5.17.

- (a) Employees in classifications which are affected by technological change will be given assistance, training and appropriate opportunity to qualify to perform duties arising as a result of such change. If, after being given such assistance, training and opportunity, an employee is deemed not to be qualified to perform the duties of his/her classification, the Company may invoke the provisions of this Section by giving written notice to the employee, copy to the Union. Such notice shall include the following information:

- (1) The employee's name, social security number, job title and number, and classified and continuous service seniority dates.
- (2) A description of the new or changed duties resulting from technological change that the employee has been unable to perform.
- (3) A description of the Company's efforts to provide the employee with assistance, training and appropriate opportunity to qualify to perform the new or changed duties.
- (4) A statement that the employee is expected to actively bid on any available bargaining unit job he/she is qualified to perform.
- (5) A statement that to facilitate placement into an appropriate job, the Company may conduct a functional or vocational assessment.
- (6) A statement that the Company shall prepare a list of all bargaining unit jobs within the employee's Organizational Group for which the employee is deemed qualified that are available at that time or that are anticipated will be available within six (6) months. (Determination as to qualifications shall be based on the criteria set forth in Article 8, Section 8.09). Within fourteen (14) calendar days, the employee must irrevocably choose, in writing, a job from the list or must irrevocably elect to choose a job from a Company-wide list as explained below. If there are no available jobs within the Organizational Group for which the employee is deemed qualified or if the employee elected to choose from the Company-wide list, the Company shall prepare a list of all jobs that are available at that time within the bargaining unit for which the employee is deemed qualified. Within fourteen (14) calendar days, the employee must irrevocably choose, in writing, a job from the list.
- (7) In the event that the employee is not placed under Subsection 6 immediately above, the Company will endeavor to place him/her in any available bargaining unit work that he/she is qualified to perform.
- (8) An appropriate statement explaining how the employee's pay shall be protected. Protection shall apply as follows:
 - a) If the employee has twelve and one-half (12-1/2) years of continuous service at the time he/she is sent such notice, he/she will not be reduced in pay.
 - b) If the employee does not have twelve and one-half (12-1/2) years of continuous service at the time he/she is sent the notice, the employee shall not be reduced in pay for a period of one (1) full year from the date the notice was sent plus three (3) weeks for every full year of continuous service the employee had at the time the notice was sent. After expiration of this period of pay rate protection, the employee shall be paid the rate of the job into which he/she has bid or been assigned.

- (b) The Company will meet with the Union and discuss the seniority placement of such employee; however, in fulfilling its obligation under this Section, the Company may place the employee, either as a result of a bid under Subsection (a)(4) above or through placement under Subsection (a)(5) or (6) above, without regard to the requirements of Article 8 of this Agreement.
- (c) In the event a reduction in force is required due in full or in part to technological change, the procedures contained in Article 9 shall apply as they would in any other reduction in force; nothing in Section 5.17 requires otherwise.

Section 5.18. The Standard Wage Classification Schedule (identified and attached hereto as Annex A) will be implemented in accordance with the terms of this Agreement and will remain in effect throughout the term of this Agreement. Should any dispute related to Annex A arise during the term of this Agreement, it shall not be subject to the grievance procedure outlined in Article 17 or to the arbitration procedure outlined in Article 18 of this Agreement. The rate of pay for any "new job" or "combined job" will be established by the Company subject to negotiation with the Union. For the purpose of this Section a "new job" will be defined as one in which substantially all of the assigned tasks in the job classification have not previously been performed by employees within that classification. For the purpose of this Section a "combined job" will be defined as a job classification created by the combining of two or more existing jobs (jobs currently listed in Annex A) which results in the abolition of either of the existing jobs. The terms "new job" and "combined job" do not apply to the mere addition of duties to, or removal of duties from, a job. If the parties are not able to agree on the proper rate of pay for a new job or combined job, the matter shall be presented to an arbitrator for resolution. The decision of the arbitrator shall be binding on all parties to this Agreement but in no event will affect the classification or rate of pay of any other jobs in Annex A.

Section 5.19.

- (a) The Company and the Union agree that either party may prepare a "Change of Duty" form for the purpose of compiling and documenting what it believes to be changes in the duties and/or responsibilities of the job classifications set forth in Annex A. These Change of Duty forms shall be available from the Company or the Union. When the Union or any employee feels that duties and/or responsibilities of a job have been changed, a Change of Duty form may be filed at any time during the term of this Agreement. The Change of Duty form shall list the changed duties and/or responsibilities, the approximate date(s) of implementation or performance and information necessary to the identification of the job classification in question and the person(s) completing the form. Upon receipt of a Change of Duty form, the appropriate Department Head shall sign and date the form. Copies of the form will be distributed as follows: one copy to the Union President, one copy to Industrial Relations, and one copy to the employee. The Department Head's signature shall only acknowledge receipt of the form and shall not represent agreement with its contents.
- (b) The Company and the Union shall include any jobs which either party believes has undergone a substantial change in duties and/or responsibilities since June 1, 1982, or the last date on which the Pay Grade for the job was adjusted, in the negotiations referred to in Section 24.02 of this Agreement. Any settlement reached to change the wage rate of a classification shall be retroactive to the date on which added duties and/or responsibilities

of the job warranted an increase on June 1, 1994 whichever is later, except that if a Change of Duty form regarding such change was not filed within thirty (30) days after the date of the change, the retroactive period shall terminate with the filing date of the Change of Duty form. Disputes over the period for which retroactive pay under this Subsection is to apply shall be resolved only through negotiation and shall not be subject to the grievance or arbitration procedures outlined in Article 17 or 18 of this Agreement or the successor agreement.

ARTICLE 6

SPECIAL PREMIUMS

Section 6.01.

(a) Standard A&C Shifts

Employees whose regular schedule requires them to work a shift where half or more hours are within 4 p.m. to 8 a.m. shall be paid a premium equal to \$1.45 multiplied by the number of hours in the employee's regular schedule for that day.

(b) Non-Standard Shifts

Employees whose regular schedule requires them to work a shift that begins more than two (2) hours before or after 12 midnight ("A" shift), 8 a.m. ("B" shift) or 4 p.m. ("C" shift) shall be paid a premium equal to \$1.70 as follows, multiplied by the number of hours in the employee's regular schedule for that day.

(c) Premiums paid for non-standard shifts are in lieu of, not in addition to, premiums for standard shifts.

(d) The payments under this Section are not to be paid to employees working shifts as overtime or receiving premium payments because of change of schedule, but are applicable only to those hours worked on the shift when worked as a regular schedule.

Section 6.02. Employees whose regular schedule requires them to work a shift where half or more hours occur on Sunday, shall be paid a premium of 25% of the employee's basic rate per hour multiplied by the number of hours in the employee's regular schedule for that shift. The payments are not to be paid to employees working shifts as overtime or receiving premium payments because of change of schedule, but are applicable only to those hours worked on the shift when worked as a regular schedule.

Section 6.03. Whenever the basic working schedule of an employee is changed by the Company and he/she does not receive 56 hours' notice before the change takes place, he/she shall be paid at the rate of double time for all hours worked on the first day of the new schedule. When notice of 56 hours is given before the change takes place, no premium rate will be paid. If an employee is given a change of schedule without 56 hours' notice but on the day the employee receives the change of schedule, he/she receives notice of its cancellation before being released from work--the employee will receive no change of schedule premium.

Section 6.04. Any change in schedule, whether the 56 hours' notice is given or not, will be given to the employee in writing. If the employee is not at work, such change will be given to the employee in writing immediately upon his/her return to work.

Section 6.05. Where a change in working schedule without the required notice causes an employee to be off duty instead of working, he/she shall be paid double time for all hours worked on his/her next straight time working day.

Section 6.06. Changes in working hours whereby schedules are shifted by one (1) hour or less will not be considered a change of schedule within the meaning of Sections 6.03-6.10 inclusive providing notice is given to the employee during his/her last preceding work shift or at least 12 hours prior to the change.

Section 6.07. A shift or off-day exchange within the same workweek by mutual agreement between employees in the same job classification will be permitted if approved by the Supervisor, when it does not require the payment of overtime or change in rate of pay and in the opinion of the Supervisor will not hinder the work or unduly inconvenience fellow employees.

Section 6.08. When an employee has been given notice to change his/her schedule in accordance with Sections 6.03-6.10 inclusive, the changed schedule shall be considered his/her regular schedule for that period. A period shall consist of the regularly scheduled workweek, including off days, or any remaining part thereof. Any further change from this schedule shall be considered another change of schedule and the pertinent Sections of this Article shall apply.

By way of elaboration, the following shall apply:

- (a) When an employee is given a change of schedule without 56 hours' notice which identifies that the employee will be changed from one shift to another for one (1) day and will revert to his/her regular schedule the following day, the employee will be paid at the rate of double time for the one (1) day only and shall not be paid double time when he/she reverts to his/her regular shift for that period;
- (b) When an employee is given a change of schedule without 56 hours' notice which identifies that the employee will be changed to another shift for an indefinite or unspecified period of time and where the employee actually works on the new shift for more than one (1) day before reverting to his/her regular schedule, the employee shall be paid at the rate of double time for all hours worked on the first day worked on the new shift and for all hours worked on the first day he/she reverts to his/her regular schedule;
- (c) When an employee is given a change of schedule without 56 hours' notice which identifies that the shift is changed for more than one (1) day but the employee has an off day before reverting to his/her regular schedule, the employee shall not be paid double time when reverting to his/her regular schedule. If, however, the employee's off day is changed without the required notice, he/she shall be paid double time for all hours worked on his/her next straight time day as described in Section 6.05;
- (d) When an employee's off day and his/her schedule are both changed without the required notice, the employee shall be paid at the rate of double time for all hours worked on the first day and second day worked on the new schedule;

- (e) When an employee is given a change of schedule, regardless of notice, which identifies that he/she will be changed from his/her original shift to another shift and then to another (third) shift within the same period, the employee will be paid at the rate of double time for the original change and at double time for the change to the third shift within that period for all hours worked on those days.

Section 6.09. The requirements of Sections 6.03-6.10 inclusive shall not apply to employees who are permitted to return to work on a limited or light duty basis as the result of agreement between the Company's medical consultant, internal or external, and the management of their Departments. This exclusion shall apply also at the time such employees are returned to a regular schedule after release for regular duty. When the return to regular duty and regular schedule is to take place, the Company will, whenever possible, schedule an off day for the employee between the days of change when such return would allow only one shift of rest.

Section 6.10. Changes in working hours whereby schedules are extended by the addition of overtime hours immediately preceding and/or immediately following the basic schedule will not be considered change of schedule within the meaning of Sections 6.03-6.09 inclusive when all of the hours of the normal schedule are included in the extended workday.

Section 6.11. Meal allowances shall be paid to employees under the following conditions (except when the Company furnishes an adequate meal) as set forth below:

Effective May 30, 2004 - \$9.00 per meal
Effective May 29, 2005 - \$9.25 per meal
Effective June 4, 2006 - \$9.50 per meal
Effective June 3, 2007 - \$9.75 per meal
Effective June 1, 2008 - \$10.00 per meal

- (a) An employee whose hours of work are ten consecutive hours (exclusive of meal times) or more shall be entitled to the following number of meal allowances:

Hours of Work	Allowances
10 hours, but less than 15	1
15 hours, but less than 20	2
20 hours, but less than 25	3

- (b) An employee reporting to work with less than two hours' notice will be entitled to a meal allowance for each full 5-hour period of work without limitation.
- (c) When it is apparent that meal allowances will be due under this Section, supervisors may release employees for meals at any convenient period around normal meal times.
- (d) If an employee is allowed time off for a meal, no deduction from his/her time will be made if it does not exceed one-half hour. Time taken in excess of one-half hour will be deducted from his/her time.

Section 6.12. Employees shall report for work at their regular reporting location or any other location when so instructed. An employee's workday will start when he/she reports for work at

the assigned location and will end at the close of his/her scheduled working time or when he/she is released, whichever is later. Travel to any reporting location at the beginning of the workday or from a work location at the end of a workday will be personal time and mileage.

Section 6.13. Employees who report at the beginning of their workday to, or who leave at the end of their workday from, a location other than their regular reporting location, shall be paid a travel allowance computed as follows:

- (a) The Company shall establish reporting locations consistent with regular, established business requirements and will notify the Union of such locations.
- (b) Using the reporting location as a center point, circles will be drawn with radii of 7, 13, 19 and 25 miles (and additional increments of 6 miles as needed) to establish zones.
- (c) The zone within 7 miles of the employee's regular reporting location shall be considered as his/her base zone.
- (d) Employees who, as instructed, report at the beginning of the workday to a location other than one in their base zone shall be paid an allowance based upon the zone in which the location is set.
- (e) Employees who, as instructed, leave a location at the end of the workday from a location other than one in their base zone shall be paid an allowance based upon the zone in which the location is set.
- (f) An allowance shall be paid for reporting to or leaving from the first zone outside the base zone as follows:

Effective May 30, 2004 - \$1.75

Effective May 29, 2005 - \$1.85

Effective June 4, 2006 - \$1.90

An additional allowance will be paid for each additional zone that the employee reports to or leaves from at the beginning or end of his/her workday as follows:

Effective May 30, 2004 - \$1.65

Effective May 29, 2005 - \$1.75

Effective June 4, 2006 - \$1.80

- (g) No allowances will be paid when transportation is supplied or made available by the Company.

Section 6.14. Employees who may be required to move from one location to another, after reporting to work at the beginning of the workday, shall do so on Company time and expense. When an employee uses his/her own vehicle in such moves, he/she shall be paid at the Internal Revenue Service prevailing mileage rate as full reimbursement. In the event the Internal Revenue Service changes its prevailing mileage rate during the term of this Agreement, an adjustment to that rate shall be made within two (2) payroll periods from the publication of the announcement and applied prospectively. Travel mileage shall be limited to reasonably direct routes and time expended should relate to normal expectations.

Section 6.15. The allowances provided for in Sections 6.12-6.14 inclusive shall be paid to employees called out for overtime in addition to travel time provided for in Article 7, Sections 7.09-7.15 inclusive.

Section 6.16. Nothing contained in Sections 6.12-6.16 inclusive shall be construed as to prevent the Company from changing an employee's location either on a regular or temporary basis. Travel allowances under Section 6.13 above will not be applicable, however, under any of the following conditions:

- (a) A permanent change in reporting location where the new location is within the employee's base zone. Permanent reassignment is to denote an expectation of continuing without change in the foreseeable future.
- (b) In lieu of any travel allowance, a single relocation allowance shall be paid to an employee permanently reassigned to a location outside his/her base zone. Such relocation allowance shall be equal to the straight-line distance, in whole miles, between the new and old locations multiplied by \$9.00 (\$9.50, effective May 29, 2005; \$10.00, effective June 4, 2006). The relocation allowance shall not be payable where the reassignment was at the request of the employee or if the distance between the employee's home and new location is less than the distance between his/her home and the old location.
- (c) A temporary change in reporting location where such assignments result from the Department Head and the Chief Steward concluding an arrangement satisfactory to them is stated in writing, with a copy to the Union.

ARTICLE 7

OVERTIME

Section 7.01. Except for weekly rated employees, the normal workday shall consist of 8 consecutive hours of work, exclusive of meal times, and the normal workweek shall consist of 5 normal workdays. Hours scheduled in excess of 8 hours are not considered as part of the normal day.

Section 7.02. For payroll purposes the workday begins at 12:01 a.m. in the morning and ends at 12 midnight that night, and the workweek begins at 12:01 Sunday morning and ends at 12 midnight the following Saturday night.

Section 7.03. When a normal workday begins before 12:01 a.m. and continues past 12:01 a.m., time shall be charged on the day in which the majority of the hours is worked. When the normal workday is divided evenly before and after midnight, time shall be charged on the days on which work was started.

Section 7.04. Overtime is defined as time worked in excess of 8 hours of work in a normal workday or 40 hours of work in a normal workweek. All overtime shall be paid for at the rate of one and one-half times basic rates except where higher rates are provided for elsewhere in this Agreement.

Section 7.05. When an employee worked a full workweek of 5 normal workdays and also worked a minimum of 4 consecutive hours on his/her first scheduled off day in the same workweek, any work on the second scheduled off day in the same workweek shall be paid at twice his/her basic rate of pay. Compensation paid to an employee for hours not worked on regularly-scheduled workdays shall not be considered as time worked unless specifically provided for in this Agreement.

Section 7.06.

- (a) After 16 consecutive hours of work, employees shall be paid double time for all consecutive hours worked thereafter.
- (b) An employee who has worked 13 or more consecutive hours shall, upon his/her release, be entitled to an 8-hour rest period before he/she returns to work. If, however, the employee is required by the Company to return to work after the rest period and before a 10-hour period has elapsed, the employee shall be entitled to a payment equal to two (2) hours of straight time base pay in addition to any hours worked.
- (c) Notwithstanding the provisions of Section 7.43, an employee will only be entitled to a rest period based on consecutive hours on the job; no unproductive hours, paid or unpaid (except for Union business), will count towards determining whether an employee is entitled to a rest period or application of Section 7.08.
- (d) If this rest period extends into his/her regularly-scheduled working hours for four (4) hours or more, he/she shall be excused from his/her regular tour of duty and paid his/her straight time base rate for those hours. If the rest period extends into his/her regularly-scheduled hours for less than four (4) hours, he/she shall be excused from that portion of his/her regular tour of duty and be paid for the excused hours at his/her straight time base rate.

Section 7.07. If an employee whose rest period extends into his/her regularly scheduled working hours for four (4) hours or more is instructed to report back to work at the end of his/her 8-hour rest period, his/her rate of compensation for these regularly scheduled working hours shall be time and one-half.

Section 7.08. An employee who has been released after 13 consecutive hours of work may be recalled or instructed to report back to work before the end of his/her 8-hour rest period if needed. If the elapsed time between time of release and time of reporting back to duty is less than 8 hours, his/her rate of compensation for consecutive hours of work after his/her return shall be at double time.

Section 7.09. An employee is considered to be "called out" for overtime work when he/she is given notice while off duty to report for work within 7 hours, and the hours worked are not continuous with other hours worked.

Section 7.10. When an employee is "called out" for overtime work, or is instructed to report for overtime work and the hours worked are not continuous with other hours worked, he/she shall receive a minimum of 4 hours pay exclusive of travel time.

Section 7.11. Except as prohibited in Section 7.15 below, when an employee is "called out" for overtime work, he/she shall be paid travel time of one hour at time and one-half rate in addition to time worked, regardless of whether the work continues on to be continuous with other hours worked.

Section 7.12. When an employee is "called out" for overtime work and reports for work within 6 hours of the beginning of his/her upcoming regular shift and works at least 4 hours, he/she shall be retained on duty and paid on overtime until the beginning of his/her upcoming regular shift.

Section 7.13. If an employee is "called out" for overtime work within 14 hours of the beginning of his/her upcoming regular shift and works to within 4 hours of his/her upcoming regular shift, he/she may remain on duty and be paid at the straight time rate ONLY, until the beginning of his/her upcoming regular shift. The time paid at the straight time rate SHALL break the employee's consecutive hours of work, but such employee after 16 consecutive hours of work shall be paid at twice his/her regular rate for any hours worked thereafter.

Section 7.14. Employees shall have the option to remain on duty as described in Section 7.13 above or be released from duty when their work is completed prior to their upcoming regular shift. If during that rest period the employee is required to return to work, his/her time shall be considered as unbroken but the rest period shall be paid at the straight time rate as described in Section 7.13.

Section 7.15. When an employee is "called out" for overtime work and reports for work within 2 hours of his/her previous release from duty, he/she shall be paid as if he/she worked continuously. In these cases travel time will not be allowed.

Section 7.16. When the Company determines that overtime work is required, such work shall be distributed as equitably as possible among employees in the job classification in the Occupational Group in which such overtime work is to be performed.

Section 7.17.

- (a) The employee in the appropriate job classification with the lowest amount of charged overtime hours shall normally be first considered for overtime work to be done taking into account the nature of the work, ability to perform such work within reasonable time limits and availability of the employee. If such employee refuses the assignment, then the employee with the next lowest amount of charged overtime hours will be considered and so forth through the overtime list. If no employee on the overtime list agrees to accept the overtime work, then the Company may assign the overtime work to the available qualified employee with the lowest amount of overtime hours worked. No more than one (1) reasonable attempt to reach an employee will be required. In emergency situations the Company may call any employee it deems necessary under the circumstances.
- (b) In cases when overtime is planned or foreseen, Management shall make a reasonable effort to inform the potentially affected employees as early as reasonably possible.

Section 7.18. In Departments that have rotating 3-shift operations, after the Company has called all employees on the overtime list once per shift, it may request the employee with the lowest amount of overtime hours worked in each job classification to remain on duty for overtime work.

Section 7.19. If through the fault of the Company the appropriate employee on the overtime list is not assigned to a particular case of overtime work, he/she will be compensated at the appropriate overtime rate for the number of hours he/she would have worked unless the Company gives him/her an opportunity to make up such hours within 30 days after the mistake occurred. Any such overtime hours shall not be charged to the employee on the overtime list in the hours charged column. Any absence of the employee due to vacation or sickness will be added to the 30-day period.

Section 7.20. No grievance may be filed on the distribution of overtime work in any particular case unless the difference in charged overtime hours between the employee assigned to the work and the complaining employee exceeds 20% of the charged overtime of the assigned employee.

Section 7.21. An employee will be charged as being unavailable for overtime work for the number of hours he/she could have worked without need for any attempt to contact him/her in the following situations:

- (a) When he/she does not have a telephone or a current telephone number listed with the Company.
- (b) When he/she is restricted to limited duty or light duty, or absent other than for vacation on his/her last previous regularly scheduled shift, or, since his/her last previous regularly scheduled shift, has reported to the effect that he/she is not able to work.

Section 7.22. Overtime work offered to an employee but waived with the consent of the Company and overtime work which would be offered to an employee if he/she were available shall be charged to him/her as overtime hours.

Section 7.23. Overtime work offered to an employee but declined and overtime work which would be offered to an employee if he/she were available, shall be charged to him/her as overtime hours at a rate of 1-1/2 times the number of hours the employee would have worked had he/she not declined or been unavailable.

Section 7.24. For every 60 hours of overtime an employee works, he/she will receive 2 hours time off with pay at straight time not to exceed 24 hours of time off within any calendar year. Such time off shall be scheduled by the employee and his/her Supervisor based on operating conditions.

Section 7.25. When a job started on straight time cannot be completed without overtime work, the Company shall have the option of continuing on overtime work the employees who started the job or replacing them with other employees who have a lower number of charged overtime hours. This Section may be modified in any Department to meet local conditions if the Union and Company desire to do so and conclude an arrangement satisfactory to them which is stated in writing with copies to the Union and the Department responsible for handling Labor Relations.

Section 7.26. Temporary employees may be called for overtime in emergencies but shall not be scheduled for prearranged overtime work until they have completed 2 months continuous service.

Section 7.27. The Company will post lists of employees for overtime assignment consideration on appropriate departmental bulletin boards by job classification and Occupational Group.

Further subdivisions according to geographical assignment areas may be agreed to by the Chief Steward and Departmental Management and copies of such agreements are to be sent to the Union and Manager responsible for Labor Relations.

Section 7.28. At the beginning of the appropriate pay period in each calendar year the lists of employees for overtime selection consideration shall be prepared with the employee having the lowest number of charged overtime hours in the preceding year listed with zero hours and the remaining employees listed with a corresponding reduction in the previous year's charged overtime hours.

Section 7.29. Thereafter, postings shall be made within 4 working days after the close of every other payroll period listing overtime hours worked, hours unavailable, and hours declined with the consent of the Company, for the period since the last posting and cumulative for the calendar year.

Section 7.30. A copy of each posting shall be sent to each appropriate Steward and to each employee working out of a headquarters where lists are not posted who is being charged with being unavailable for overtime during the period covered by the posting.

Section 7.31. The dates of posting of the lists for each prescribed period in the areas specified and dispatching to the Steward and reasonable delivery dates to individual employees affected shall be the dates for cause for the grievance under Article 17 regulating the time periods for filing grievances.

Section 7.32. An employee who wishes to be excused from overtime work whenever possible may submit a written request to his/her Department Head. An employee shall not submit this written request for a waiver from overtime work and a Department Head shall not approve such a request unless both the employee and Department Head intend a bona fide waiver of consideration for overtime work. Such waivers are not intended to be a vehicle for avoiding the intent and purpose of Article 7, Sections 7.16-7.38 inclusive.

Section 7.33. After approval, if any, such employee will be excluded from consideration for the equitable distribution of overtime but will not be excused from the requirement to work overtime as may be determined to be needed by the Company. Such employee will be listed on the overtime record with a "W" identification to indicate "Waiver." All overtime hours actually worked by such employee will be shown for him/her on the overtime lists.

Section 7.34. The Company or the employee may revoke the waiver referred to above by notice in writing to be effective at the beginning of the first pay period in the following calendar month. When restored to regular overtime status such employee shall be listed at one (1) hour above the highest number of hours listed for any employee in his/her job classification or one (1) hour above his/her previously charged overtime hours, whichever is higher.

Section 7.35. Waivers and revocations of waivers shall be valid only when prepared on the standard forms agreed upon by the Union and the Company with copies to the Union and the Department responsible for handling Labor Relations.

Section 7.36. Overtime worked by an employee while in a temporary upgraded status will be charged to the employee in his/her regular job classification.

Section 7.37. Employees changed from one overtime record list to another or added to an existing list in any of the following situations shall be charged with the highest number of overtime hours charged to any employee on the list to which they are to be placed plus one (1) hour:

- (a) New employees, and temporary employees after 2 months' service.
- (b) Return from an approved Leave of Absence.
- (c) Returning to the bargaining unit within 2 years of promotion to exempt status.
- (d) Transfer from non-bargaining unit to bargaining unit.

Section 7.38. Employees changed from one overtime record list to another or added to an existing list in the following situations shall be given an average (mean) of the overtime of all employees on that list:

- (a) Promotions and demotions
- (b) Transfers from one seniority roster to another, or from one geographical location to another
- (c) Returning from an extended illness or injury (an illness or injury of which all compensatory time was exhausted).

Section 7.39. When an employee has been previously instructed to work overtime on his/her off day and the work is canceled by the Company, it will give notice of cancellation to the employee affected 8 hours before reporting time. If 8 hours' notice is not given, the employee may report to the work location as planned and be paid an allowance of 4 hours at the applicable overtime rate.

Section 7.40. If the job is canceled within 8 hours of reporting time and the employee requests permission not to report, he/she may be excused by his/her supervisor, and in such case shall not be entitled to any pay allowance.

Section 7.41. An employee shall not be required to take time off on his/her regular basic work schedule in lieu of overtime worked or to be worked. This shall not affect the Company's right to change the schedule of basic work and off days or hours of duty of employees as set forth in Article 6, Sections 6.03-6.10 inclusive.

Section 7.42. When an employee is temporarily transferred to perform work normally performed by employees in a different Occupational Group under Section 5.09 or 5.10 of this Agreement, the following rules shall apply:

- (a) All overtime hours charged and worked in the temporary assignment shall be accrued on the employee's normal overtime roster.
- (b) Employees on temporary assignment shall not be considered for overtime work until all available qualified employees within that Occupational Group have been polled except in situations covered by Section 7.25 of this Agreement.

- (c) Employees on temporary assignment shall not be assigned overtime work unless there are no other qualified employees available in the Occupational Group except in situations covered by Section 7.25 of this Agreement.
- (d) Employees on temporary assignment may be considered for overtime work in their normal Occupational Group. However, such employees shall not be charged unavailable for overtime work in their normal Occupational Group while on temporary assignment.

Section 7.43. For purposes of this Agreement, all hours of paid compensation such as holidays, vacation, jury duty, funeral leave, sickness disability, etc., will be considered as hours worked for purposes of Article 7. Also to be included for such purposes would be excused unpaid hours such as union leave, excused without pay and sickness disability.

ARTICLE 8

SENIORITY

Section 8.01. The Company and the Union accept the principles of seniority and agree that the seniority rosters established hereunder shall be the basis of the application of seniority rights as set forth herein.

Section 8.02. For seniority roster purposes Occupational Groups shall be established within each Department and reflected in Annex A (a space between groupings of jobs indicates separate Occupational Groups). An Occupational Group shall be composed of employees of the bargaining unit engaged in substantially the same type of work where normal lines of progression from job to job exist. Specific Occupational Groups shall be established by agreement between the Company and the Union.

Section 8.03. A seniority roster shall be prepared for each Pay Grade within each Occupational Group listing the employees "Classified Seniority" and "Continuous Service Seniority" with the Company.

- (a) "Classified Seniority" shall be the date on which the employee was placed into the classification, and shall be the date used as the seniority date for promotions within that Occupational Group.
- (b) "Continuous Service Seniority" shall be the employee's most recent date of hire and shall be used to fill jobs when there is no qualified employee within the Occupational Group.

Section 8.04. Employees employed as temporary employees shall not have seniority position or seniority rights while in such employment status. If changed to regular employment status they shall have seniority position and seniority rights as of the date of change. The seniority rights in this section refer to an employee's competitive standing against other employees for such things as promotions, holiday and vacation choice, application of Article 9 (Reduction in Force) and so forth.

Section 8.05. Employees who move from one roster to another, within the same Occupational Group or to a different Occupational Group, regardless of reason, shall have their Classified Seniority date adjusted accordingly.

Section 8.06. Employees shall be considered as terminated from the service of the Company and shall be removed from the seniority roster, with no provision for reinstatement of past continuous service under the following conditions:

- (a) Resignation or discharge from the service of the Company.
- (b) Expiration of two years after date of furlough and employee has not been recalled to duty.
- (c) Reclassification and transfer to a nonunion position with no termination of service; however, if any such employee returns to the bargaining unit within two years, there shall be no loss of continuous service credit.
- (d) Expiration of two years after commencement of absence due to an illness or injury; however, where an employee has received Long Term Disability benefits during such an absence, removal shall occur two years from the date the employee is no longer determined eligible for such benefits.

Section 8.07. Promotion within an Occupational Group shall be based upon the concepts of seniority, ability and performance. The Company shall select the most senior (as noted on the classified seniority rosters) qualified employee. Qualifications will be based upon general job knowledge, previous job performance, and mental as well as physical ability to perform the job duties. If senior employees are determined not to be qualified and a junior employee is selected for promotion, a written notice of such action, and the reason therefore, will be given to the senior employees two weeks prior to the anticipated effective date of promotion, with a copy to the Union. Such occurrence will not affect future considerations. An employee may decline consideration for promotion by submitting a written waiver of consideration, with a copy to the Union. If there are no employees within the entire Occupational Group who are qualified for promotion, a general notice of that determination shall be posted in the work areas two weeks prior to the anticipated effective date, with a copy to the Union, in lieu of individual notices.

Section 8.08. When vacancies above Pay Grade 6 hourly and Pay Grade 2 weekly cannot be filled by qualified, available employees from within the same Occupational Group, the Company will post the notice of vacancy, including the number of job openings, for a period of two (2) calendar weeks. A copy of these posting notices will be forwarded to the Union. Employees having one (1) year of continuous service are eligible to be considered for such vacancies providing they complete an authorized Job Bid Form which they must forward to the Employment Office within three (3) working days after the expiration of the posted notice. An employee must be a member of the bargaining unit to be eligible to bid on a posted job. (A list of all bidders will be furnished to the Union.) Future postings will not be required for job vacancies where an insufficient number of qualified applicants have bid until such time as the designated number of vacancies on the bid have been filled or three (3) months have passed since the date of the original posting, whichever is sooner. Employees selected for any posted job are ineligible to bid on another job for one (1) year.

Section 8.09. Selection of bidders to fill posted vacancies under Section 8.08 above shall be based upon seniority, ability and performance. Ability and performance shall be based upon general job knowledge, previous job performance and mental as well as physical ability to perform the job duties. The Company will select the most senior qualified employee (based on continuous service date) to fill the posted job providing that such employee is presently a permanently assigned employee in the Group where the job vacancy exists. If a senior employee so designated is determined not to be qualified and a junior employee is selected for the posted job, a written notice of such action and the reason therefore will be given to the senior employee with a copy to the Union. If no employee in the Group bids or is qualified, the Company will then consider bidders from other Groups; however, seniority will be considered only when ability and performance are essentially equal. The Company shall provide the Union and each bidder with a notice of the disposition of the posting. In cases where a posted vacancy cannot be filled by bargaining unit applicants, the Company may fill such jobs with persons from any other source either within the Company or from outside. For the purposes of this Section 8.09, a Group shall be designated as one of those listed below:

- (a) Customer Care
- (b) Asset Management
- (c) Finance
- (d) Operations
- (e) System Operations & Restoration
- (f) Rates & Regulatory Practices
- (g) Controller
- (h) Computer Services
- (i) Strategic Support Services
- (j) People Strategy & Performance Improvement
- (k) Corporate Services

Adjustments to these designated Groups may be made in the future as appropriate and agreed to by the Company and the Union.

Section 8.10. Employees with one (1) year of continuous service will be eligible to bid on Pay Grade 4 and 6 (Hourly) or Pay Grades 1 and 2 (Weekly) jobs in accordance with the following:

- (a) An employee desiring to bid on entry level jobs shall complete an Advance Bid Form and submit the form to the department responsible for staffing; the Company shall send a copy of the bid form to the Union.

- (b) An employee may bid on no more than three (3) entry level jobs during any calendar year. Such bids shall be in effect from the date of filing until December 31 of the same year. As of January 1 of any year, all bids from the previous year shall be void.
- (c) Each employee shall show on the Advance Bid Form the specific job titles (as taken from Annex A) of the jobs the employee desires to bid on.
- (d) The department responsible for staffing shall list employees who bid for specific jobs according to their continuous service dates.
- (e) When a vacancy occurs in a specified entry level job, the department responsible for staffing will refer the most senior employee (by continuous service date) to the department where the vacancy exists and that employee will be selected for the vacancy if qualified. Qualifications shall be based on general job knowledge, previous job performance and mental as well as physical ability to perform the job duties.
- (f) Entry level jobs are only those positions in Pay Grade 4 and 6 Hourly and Pay Grades 1 and 2 Weekly.
- (g) When a vacancy occurs in an entry level job and there are no bids on record or no bidder is qualified, the vacancy may be filled from any other source.
- (h) If an employee has a current rate of pay above the maximum rate of the entry level Pay Grade into which he/she successfully bids under this Section, such employee shall be reduced in pay to the maximum rate of such entry level Pay Grade.
- (i) When any job for which one or more Advance Bids are in effect is filled, the Company shall provide each bidder and the Union with a written notice of the disposition.

Section 8.11. All postings required under this Article will be on Company bulletin boards as located at various work locations. The Company assumes no responsibility for job postings or other notices once they are placed upon the boards. Employees who remove or destroy this material shall be subject to disciplinary action.

Section 8.12. All incumbent employees in the entire bargaining unit shall maintain their present classified seniority position on the seniority roster for his/her classification until he/she transfers to another classification or seniority roster. At the time of the transfer the employee shall be placed on the new seniority roster as described in Sections 8.03 and 8.05.

Section 8.13. Employees who transfer from one seniority roster to another in Pay Grades above the starting level shall be given classified seniority (as of the date of transfer) for all lower classifications within that Occupational Group and be given one (1) day more seniority above all employees in the lower classifications in that Occupational Group for the purposes of Article 9 of this Agreement.

Section 8.14. Employees who promote through the different classifications within an Occupational Group, or who transfer from one Occupational Group to another, shall continue to accumulate classified seniority in all classifications previously held for the purpose of Article 9 of this Agreement.

ARTICLE 9

REDUCTION IN WORKING FORCE

Section 9.01. When lack of work requires a reduction in the working force, the Company and the Union subscribe to the principle of last in-first out. The Company and the Union recognize that each circumstance requiring a reduction in force is unique and needs to be evaluated as a unique occurrence. To that end the Company and the Union shall meet and try to reach a mutual agreement on how to carry out the reduction in force. If an agreement cannot be reached, the reductions in working force shall be governed by the procedures set forth in this Article.

Section 9.02. When the reduction does not involve eliminating all jobs within the affected Occupational Group(s), the following shall apply:

- (a) Except as provided in Subsection (f) below, employees with the lowest classified seniority on the highest affected Pay Grade roster shall be removed in a number as determined by the reductions. Those employees so removed shall move down to the next Pay Grade roster in their Occupational Group. When these moves result in too many employees on the roster(s), the employees with the lowest classified seniority on those rosters shall be removed in a number as determined by the reductions. Those employees so removed shall move down to the next Pay Grade roster in their Occupational Group and so forth until the necessary reductions in the rosters have been achieved.
- (b) When the final reductions result in too many employees on the roster(s), the employees with the lowest classified seniority shall be removed from the rosters and placed on a surplus-pool list. The Company shall then prepare a list of vacancies in the affected Organizational Group. By continuous service seniority order, the employees shall irrevocably choose, in writing, any vacancy for which they are deemed qualified. Determination as to qualifications shall be based on the criteria set forth in Article 8, Section 8.09.
- (c) Employees not placed under the procedures set forth in (b) above shall irrevocably choose, in writing, from a Company-prepared list of selected vacancies within the bargaining unit for which they are deemed qualified. Determination as to qualifications shall be based on the criteria set forth in Article 8, Section 8.09.
- (d) Employees displaced from an Occupational Group(s) or work location(s) under Section 9.02, 9.03 or 9.05 of this Article shall retain the right, as limited herein, to return to their previous Occupational Group or work location should a vacancy(s) become available, for which they are deemed qualified. Determinations as to the qualifications shall be based on the same criteria as outlined in Article 8, Section 8.09. New employees shall not be employed or transferred into the Occupational Group or work location, until such displaced employee(s) have had one (1) opportunity to accept such a vacancy or until the expiration of two (2) years from the date of displacement, whichever occurs first. Vacancy(s) shall be offered to the employees by continuous service seniority.
- (e) For the purpose of this Article the Company and the Union agree to waive the advance bid procedures as outlined in Article 8, Section 8.10(b) for employees displaced under this Article for two (2) years from the date of displacement.

- (f) After an employee has been transferred to a new Occupational Group pursuant to a reduction in force under this Article, for three (3) years thereafter he/she shall not be removed from his/her Pay Grade roster under Subsection (a) above before other employees on such roster with less continuous service providing the employee is satisfactorily performing the duties of the classification.
- (g) If more than one (1) reduction in force is enacted in one (1) Occupational Group within a three (3) year period and employees from that Occupational Group are transferred pursuant to the reductions in force to the same new Occupational Group, employees who are transferred in the latter reduction(s) in force shall receive the same classified seniority date in the job classification to which they are transferred as if they had been transferred during the earliest reduction in force.

Section 9.03. When the reduction involves eliminating an Occupational Group, Department, or Organizational Group, the procedures set forth in Section 9.02(b) and, if necessary, Section 9.02(c) or (d) shall apply to the affected employees.

Section 9.04. For the purposes of this Article 9 only, each organization or grouping of organizations listed below shall be deemed to be an "Organizational Group":

- (a) Customer Care
- (b) Asset Management
- (c) Finance
- (d) Operations
- (e) System Operations & Restoration
- (f) Rates & Regulatory Practices
- (g) Controller
- (h) Computer Services
- (i) Strategic Support Services
- (j) People Strategy & Performance Improvement
- (k) Corporate Services

Adjustments to these designated Organizational Groups may be made in the future as appropriate and agreed to by the Company and the Union.

Section 9.05. Employees not placed under the procedures set forth above shall be furloughed; provided, however, that no individual employee shall be furloughed if he/she is qualified and willing to perform work presently being performed by a contractor who has been awarded an annual labor contract (that is, a contractor who makes available to the Company a labor pool from

which the Company on a daily basis routinely and regularly draws to perform bargaining unit work). Employees to be furloughed shall receive two (2) weeks notice in writing before the reduction becomes effective. Such notice shall state that for a period of two (2) years thereafter the employee may retain a position on the seniority roster, provided that within ten (10) days after the effective date of furlough the employee shall give notice in writing to the Company and to the Union of his/her intention to retain such position, and shall thereafter, throughout said period of two (2) years keep the Company and the Union advised of his/her mailing address. All employees from the same Organizational Group (Section 9.04) will be placed on a recall list with the most senior employee, by continuous service date, listed first. In addition, the employee shall maintain a position, by classified seniority date, on the roster from which he/she was furloughed. Furloughed employees on the recall list shall be called back to their Group by certified mail notifications as seniority and qualifications allow. Determination as to qualifications shall be based on the criteria set forth in Article 8, Section 8.09. If an employee so called shall fail to return to work within two (2) calendar weeks from the date of mailing such call, the employee's name shall be removed from the roster and his/her seniority shall terminate. New employees shall not be employed in a Group until all furloughed employees from the Group who are qualified for the particular job opening have been removed or recalled in accordance with this Section.

Section 9.06.

- (a) Notwithstanding any other provision of this Article, no employee with twelve and one-half (12-1/2) years or more of continuous service will be furloughed nor will they be reduced in pay because of a reduction in the working force except as set forth in (b) below.
- (b) Notwithstanding the protections set forth in subsections (a) immediately above, employees with more than 12-1/2 years of service may be furloughed in the following situations:
 - (1) The Company loses a segment of its business (for example, due to regulatory changes or a sale of assets) that eliminates all or substantially all of the work of an occupational group;
 - (2) The Company loses an operating contract to perform work that eliminates all or substantially all of the work of an occupational group; or,
- (c) An employee protected by the job security provisions of subsection (a) above shall be entitled to a severance in the event that he/she is furloughed under the provisions of subsection (b). Affected employees will be eligible to receive two (2) weeks pay for every complete year of service, based on the Basic Wage Rate in effect when the employee loses employment. To receive severance benefits, employees must execute releases prepared by the Company. Nothing contained herein prevents the Company from establishing additional administrative rules and parameters regarding the Severance Program without further consultation and bargaining with the Union so long as they are not inconsistent with the terms outlined above.

ARTICLE 10

GENERAL PROVISIONS

Section 10.01. The Company agrees that on basic schedule workdays, it will not require employees to work outdoors in extremely inclement weather, unless such work is necessary to protect life or property or to maintain service. During such periods of extremely inclement weather, the Company may assign such employees to any work out of the weather. Nothing in this Section shall be interpreted as to deny the right of the Company to require meter readers, testers, installers, drivers and other persons occupying positions of similar type to work outdoors at any time at their normal tasks.

Section 10.02. No supervisor shall act in other than a supervisory capacity except in emergencies. This is not intended to prevent a supervisor from protecting life or property, giving occasional or emergency assistance or performing work for the purpose of instruction. However, the primary function of a supervisor is supervision and he/she is not to perform work which will eliminate an employee or interfere with supervision.

Section 10.03. Professional engineers and other employees with special experience, education or training, may be assigned work at different occupations within the bargaining unit in any Department as part of a training period. When employees in the bargaining unit are so assigned, they shall retain their rights in their regular status under this Agreement and their assignment shall not affect the rights of other employees under this Agreement. When employees not in the bargaining unit are so assigned, they shall neither be affected by provisions of this Agreement nor shall their assignment deprive other qualified employees of work.

Section 10.04. In the operation of Section 10.03, the number of employees included at any one time shall be not more than one percent of the total number of Company employees. No employee shall be kept in any one assignment for longer than one year or for longer than a total period of 5 years in all assignments included herein. The Company will inform the Union of the names of employees and the Departments to which they will be assigned.

Section 10.05. When the Company plans to install new or revised general work schedules which will affect the majority of the employees in an Occupational Group, it will post the new or revised schedules on the bulletin board for the Occupational Group affected. If the Company fails to post the notice for two (2) weeks before implementation of the new or revised schedules, employees whose schedules have been changed shall receive time and one-half on the first three (3) days of the changed schedule. If unforeseen circumstances make it necessary to extend a revised general work schedule beyond the date which was originally contemplated, the provisions of this Section shall not apply and the extension shall be treated as a change of schedule as provided for elsewhere in this Agreement.

Section 10.06. It is recognized that the Company has the right to have work done by outside contractors. Work normally performed as of the effective date of this Agreement, by employees in the bargaining unit, will not be contracted out if it will result in the furlough or affect recall of employees in the bargaining unit who normally perform such work.

Section 10.07. The Company shall provide Union bulletin boards at the major work locations for the posting of official Union notices. The Company shall determine the number of bulletin boards

required and the placement of such boards at the work locations. The Union agrees that it shall not post any notice that is derogatory or inflammatory or anything which is considered inappropriate as to Company-Union relations.

Section 10.08. Any future agreements or memoranda of understanding during the term of this Agreement that are prepared by the Company and the Union, or any subdivisions thereof, shall require the signature or confirming signature of the Union President and the Manager of the department responsible for Labor Relations or their designated representatives.

ARTICLE 11 HOLIDAYS

Section 11.01. For the term of this Agreement, the following days will be observed as uniform and fixed Company holidays:

Independence Day	December 26, 2006
Labor Day	December 24, 2007
Thanksgiving Day	December 26, 2008
Day after Thanksgiving	New Year's Day
Christmas Day	Martin Luther King's Birthday
December 27, 2004	Presidents' Day
December 23, 2005	Memorial Day
Inauguration Day	

Section 11.02. Except in contract years when Inauguration Day is observed, each employee will be eligible to select two (2) floating holidays in each contract year (in addition to those fixed holidays in Section 11.01 above). In years where Inauguration Day is observed, each employee will be eligible to select one (1) floating holiday. Each employee is required to request his/her floating holiday with at least 24 hours advance notice.

Section 11.03. The Company will, as far as practicable consistent with work requirements, permit such floating holidays to be taken at the time desired by employees, but determinations as to the total number of employees or any employees, the number of employees of a particular classification or at a particular location, the number and classification of employees of a particular working group, to be allowed off on a holiday at any time; and the make-up of working groups for holiday purposes, are reserved solely to the Company in order to ensure the orderly operation of the Company. When these determinations have been made by the Company and there is an opportunity of choice between two (2) or more employees, the employee with the highest classified seniority roster position shall have first choice of holiday time off.

Section 11.04. Employees normally scheduled to work on a designated holiday, or who are off duty as part of their regular schedule on a designated holiday, shall be paid a holiday allowance of a normal workday at their basic rate of pay and double time for all hours actually worked on the holiday. When January 1 (New Year's Day), July 4 (Independence Day), or December 25 (Christmas Day) are designated to be observed on a Monday or Friday through the operation of Section 11.07, employees who work on either the designated holiday or the actual holiday shall receive a holiday premium of double time for all hours actually worked on either day providing,

however, that any employee who works both days will only be entitled to the holiday premium for the hours worked on the actual holiday.

Section 11.05. When Company requirements make it necessary for some but not all employees in any department to work on a holiday, the Company will indicate the number and classifications of employees needed. Employees, beginning with the most senior employee (by classified seniority), will choose whether or not to work the holiday. Such choices will continue until the Company requirements are met. In the event that after all department employees have been polled it becomes necessary to assign employees to work the holiday, such assignment will be by inverse classified seniority order. This process must be completed no less than forty-eight (48) hours prior to the holiday.

Section 11.06. An employee will be eligible for holiday allowance providing (1) he/she performs work or is on vacation in the pay period in which the holiday is observed, and (2) works as scheduled or assigned both on his/her last scheduled workday prior to and his/her first scheduled workday following the day on which the holiday is observed unless he/she has failed to so work because of sickness or because of death in the immediate family or because of similar good cause. Irrespective of the above, an employee on a Sickness Disability Case will not be paid holiday allowance unless the Company's medical consultant (internal or external) determines that the employee was able to return to work on or before the holiday and would have been released to return at that time but for the holiday. An employee who is scheduled to work on a holiday, either on regular shift or overtime, but who fails to report to work, will not be paid holiday allowance.

Section 11.07. When any of the holidays referenced in Section 11.01 of this Article fall on a Sunday, the following Monday shall be observed as the holiday. Should any of the holidays fall on a Saturday, the preceding Friday shall be observed as the holiday.

Section 11.08. Holidays to be selected under Section 11.02 of this Article shall not be carried over from one contract year to the next. The Company may deny any employee his/her holiday observance when in its discretion the employee cannot be spared. If the employee has a holiday schedule approved, but later denied by the Company, the employee shall have a choice of selecting another holiday or being paid for the holiday under the provisions of Section 11.04 of this Article.

ARTICLE 12

VACATIONS

Section 12.01. Regular employees shall be entitled to vacation eligibility according to the maximum allowances set forth in the following table. Except with respect to an employee in his/her first year of employment, an employee's initial vacation allowance for any calendar year will be determined by length of continuous service as of December 31 of the current year.

Maximum allowances are as follows:

Continuous Service	Maximum Vacation Allowance
Less than 6 months	1 day for each full calendar month of continuous service but not to exceed 1 week
6 months	2 weeks
5 years	3 weeks
10 years	4 weeks
20 years	5 weeks
30 years	6 weeks

Section 12.02. No employee may have a Maximum Vacation Allowance in excess of the allowance provided for his/her period of continuous service.

Section 12.03. The amount of vacation pay will be based upon the employee's normal workweek at the regular basic straight time rate exclusive of any premiums, overtime or other remuneration.

Section 12.04. Maximum allowances will be payable to employees who have worked 1,000 hours or more during the preceding calendar year. Employees with less than 1,000 hours of work in such year will not be eligible for any vacation allowance. Compensation paid to an employee for hours not worked on a regularly-scheduled workday shall not be considered toward the 1,000 hours of work unless specifically provided for in this Agreement.

Section 12.05. Employees with less than six (6) months of continuous service shall be eligible for their maximum allowances if they have worked a minimum of one hundred forty (140) hours multiplied by the number of full calendar months of continuous service. All hours, including overtime hours of paid compensation will be counted towards establishing vacation eligibility.

Section 12.06. An employee who is off work due to an on-job injury and thereby cannot meet the 1,000 hour requirement for an earned vacation shall be entitled to a vacation based on his/her continuous Company service in the calendar year when the employee is released by the Company's medical consultant (internal or external) to return to work on a full-time basis.

Section 12.07. Any employee who leaves the Company's employment for any reason shall be paid for any unused vacation eligibility in effect at the time of leaving employment. Upon the death of an employee such eligibility shall be paid to his or her estate.

Section 12.08. An employee who is laid off after 1 year of service, retires, or dies will be paid a vacation allowance proportionate to the number of full months worked in the calendar year in which the layoff, retirement or death occurs. An employee whose employment terminates for any other reason will not be paid a proportionate vacation allowance for any time worked in that calendar year.

Section 12.09. The Company will, as far as practicable consistent with work requirements, permit vacations to be taken at the time desired by employees, but determinations as to the total number of employees or any employees, the number of employees of a particular classification or at a particular location, the number and classification of employees of a particular working group, to be allowed on vacation at any time; the time within which vacations may be taken; and the

make-up of working groups for vacation purposes, are reserved solely to the Company in order to ensure the orderly operation of the Company. When these determinations have been made by the Company and there is an opportunity of choice between two (2) or more employees, the employee with the highest seniority roster position shall have first choice of vacation time made available.

Section 12.10. When employees are requested to state vacation preferences preparatory to the Company's establishing vacation schedules, an employee who divides his/her vacation allowance into more than one period may apply his/her seniority preference as provided above to only one period, and he/she shall not have another selection opportunity until all other employees with whom he/she is concerned for vacation purposes have had the opportunity of selecting a vacation period.

Section 12.11. It is agreed that vacations shall normally be scheduled to be taken in periods of one full week or more. Shorter periods of vacation may be allowed, however, in the discretion of the Company, for special circumstances when approved in advance of the day or days for which vacation allowance is requested. In such cases, vacation is generally expected to be taken in increments of no less than one-half day; however, on an annual basis, up to two days of vacation (not to exceed 16 hours) may be taken in hourly increments.

Section 12.12. Employees are considered to be on vacation at the end of their last scheduled workday; or, if they continue on duty for overtime work, at the time they are released from such overtime work. Employees are considered to be returned from vacation when they report to work at the beginning of their first regular scheduled shift after scheduled vacation days.

Section 12.13. Vacations shall not be carried over from one year to the next except as herein permitted.

(a) Employees who will have earned more than three (3) weeks of vacation based on their continuous service may elect to:

(1) Carry over unused vacation to a maximum of two (2) weeks which must be used by May 31 of the next calendar year;

or,

(2) Receive pay for unused vacation to a maximum of two (2) weeks -- provided employees so notify the Department responsible for Payroll in writing by the end of January each year of their election.

Provided, however, in exercising either option, employees must use at least two (2) weeks of vacation allowance during the year it is initially available.

(b) If an employee has not used his/her full vacation allotment by the end of a calendar year (but has used at least two weeks of vacation as required above), then up to two (2) weeks of the remaining balance will automatically be carried over into the next year. As noted above, all carryover vacation must be used by May 31 of that year. The carried over vacation must be used by May 31 or it is subject to being forfeited.

(c) The Company may deny any employee his/her current vacation allowance or any part of it when in its discretion he/she cannot be spared. In such cases the employee shall have the

choice of carrying over the amount of vacation denied him/her without regard to the limitations of Subsection (a) above or being paid for it at his/her basic straight time rate of pay.

Section 12.14. Legal holidays as set forth in Article 11 which fall on scheduled vacation days shall be considered as holidays and not as days of vacation. The additional day of vacation resulting in these cases may not necessarily be taken as continuation of the same vacation period but will be allowed at the convenience of the Company.

Section 12.15. When an employee is disabled because of sickness disability and qualifies for Sickness Disability Allowances; or is disabled due to an occupational injury; or is called up on a military emergency, and any such event occurs prior to the time for the employee's vacation to begin, the employee may request a postponement of vacation. Any such postponed vacation may be rescheduled by the Company at anytime during the same calendar year. If it is not practicable for the Company to reschedule the vacation during the same calendar year, the Company shall have the option of allowing such vacation in the following calendar year or paying the employee for it at the employee's basic straight time rate of pay. If the Company chooses to pay the employee for the vacation, such payment shall be in addition to any occupational injury, sickness disability case, or military emergency allowances being paid at that time.

Section 12.16. As to vacation eligibility, all hours, including overtime hours, of paid compensation, except sickness disability, will be counted toward establishing vacation eligibility. As to paid vacation eligibility, all hours, including overtime hours, of paid compensation, including sickness disability will be counted toward establishing vacation eligibility for those employees with twenty or more years of continuous service as of December 31 of the previous year.

ARTICLE 13

SICKNESS DISABILITY ALLOWANCES

Section 13.01. Employees shall be eligible for sickness allowances as provided herein. Sickness shall include injury other than any injury arising out of or in the course of employment by the Company for which compensation will be paid under the provisions of the Workers' Compensation Act.

Section 13.02. Eligible employees absent due to sickness shall be paid at their regular basic rates for absences occurring on their regular workdays, assuming proper report is made and assuming medical certification is timely furnished if required under Section 13.03. Such payments will begin on the first workday of absence except as provided below:

(a) Annual Allowance

Employees shall receive an annual sickness allowance in accordance with the following schedule:

Continuous Service as of December 31 of Previous Year	Annual Allowance (in days)
6 Months	1
1 but less than 3 years	3
3 years or more	5

(b) Options Regarding Unused Annual Allowance

As soon as practicable after the end of a calendar year, an employee who has not exhausted his/her Annual Allowance for that year has the following options:

(1) Carryover Bank

The employee may elect to carryover the unused portion into the next year at the rate of one (1) day for every full unused sick day.

Fractions may also be carried over on an hour-for-hour basis.

or,

(2) Buy Back Option

The employee may elect to have the Company buy back the unused Annual Allowance, which will be paid at a rate of one (1) day for every full unused sick day. Once a day is placed in the Carryover Bank, it may not be converted under this Section (but see subsection (f) below). Fractions may also be sold on an hour-for-hour basis. An employee may not split his/her election between the Carryover Bank and Buy Back Option.

(c) Use of Annual Allowance and Carryover Bank

- (1)** An employee's Annual Allowance must be exhausted before his/her Carryover Bank is used.
- (2)** An employee whose Annual Allowance and Carryover Bank are exhausted shall not be eligible for additional sickness payment until the fourth consecutive workday of an absence during the remainder of the calendar year. This three (3) day waiting period shall apply when an employee's Annual Allowance and Carryover Bank are exhausted during an absence as well as to all subsequent absences during that calendar year. An absence under this Article shall be a continuous absence of a half a day or more.

- (d)** When an employee has taken twenty (20) sick days (exclusive of days compensated under Section 13.04) in a calendar year, paid or unpaid, he/she shall not be eligible for sickness payments until the seventh consecutive workday of the absence during which the 20th day is reached or any subsequent absence in that calendar year.

- (e) An employee who dies, retires, or is furloughed shall be paid at one hundred percent (100%) of the employee's regular basic rate then in effect, and an employee whose employment with the Company is otherwise terminated shall be paid at fifty percent (50%) of the employee's regular basic rate then in effect, for all unused days in his/her Carryover Bank.
- (f) As soon as practicable after the end of a calendar year, an employee who has at least 20 days in his/her Carryover Bank may opt to sell back a maximum of 5 of those days at his/her regular base rate then in effect at the rate of one day for every full day.

Section 13.03. Effective January 1, 2005, absences due to sickness disability of two (2) days or less, whether compensated or not, need not require medical certification as to the employee's inability to report to work; however, upon advance notice medical certificates may be required when the Company feels the employee's attendance record warrants such. Absences of more than two (2) days shall require medical certification. When a medical certificate is required, it should be presented to the Company upon the return to work, but in no case later than three (3) working days after the employee returns to work. The Company may have an employee or other persons (not a member of the bargaining unit) visit absent employees and may require medical examinations by physicians. Prior to January 1, 2005, absences of more than three (3) days shall require medical certification.

Section 13.04. An employee whose absence extends more than six (6) workdays shall thereafter be paid at his/her regular basic rates provided proper report is made and a medical certificate attesting to his/her sickness is presented to the Company. These periods shall be termed "sickness disability cases" and pay allowances shall be made according to the following schedule:

Continuous Service (in years)		Allowance (in weeks)		
At least:	But less than:	Full Pay	3/4 Pay	1/2 Pay
1	2	2	-	4
2	5	3	-	6
5	10	8	-	18
10	20	10	-	16
20	25	14	8	4
25	30	16	10	0
30		26		

Section 13.05. The Company reserves the right to require a medical examination by a physician of its own choosing and to have a nurse or other employee or person (not a member of the bargaining unit) visit an employee who is claiming allowance for sickness disability.

Section 13.06. When an employee is absent on a sickness disability case, whether new or continued, there shall be deducted from his/her allowance under Section 13.04 all Annual Allowance days taken during the previous seventeen (17) weeks.

Section 13.07. Successive sickness disability cases shall be counted as one (1) case in computing the time for which an employee shall be entitled to allowances unless the employee has returned to work and engaged in the performance of his/her normal duties for a continuous period of

seventeen (17) weeks between cases. When an employee has worked seventeen (17) weeks, the next sickness disability case shall be considered a new case.

Section 13.08. After a medical examination of any employee, who has been absent on account of sickness disability for any length of time, by a physician selected by the Company, and the physician's report states that the employee is able to return to work, and such employee fails to do so, no further payments or allowances will be made on account of such sickness disability and said report shall be conclusive and final. However, if the employee informs the Company's physician of the date on which the employee's physician has advised the employee to return to work, and the Company's physician does not agree, then the Company's physician shall make a reasonable effort to consult with the employee's physician before issuing a report.

Section 13.09. No employees shall receive any sickness allowance when the following conditions exist:

- (a) For time for which salary or wages might be paid by the Company.
- (b) From the time any retirement payments might begin.
- (c) When the disability is caused or results from an intentionally self-inflicted injury or other general acts of misconduct.
- (d) When the employee is on furlough or suspended from duty.
- (e) When the employee is on vacation.
- (f) When proper notice of sickness disability is not given to his/her Department. Reasonable rules governing time and place of notice may be promulgated by the various Departments of the Company, depending upon the operating conditions existing in each. When proper notice is not given, allowances shall not begin until such notice is given.
- (g) When, upon the occasion of a visit to the employee by a nurse or other employee or person (not a member of the bargaining unit) he/she is found not to be home and cannot furnish a satisfactory explanation of his/her whereabouts.
- (h) When the injury is the result of the employee's working for an employer other than the Company or self-employment for gain.

Section 13.10. When an employee has received the maximum allowance indicated in the schedule in Section 13.04, he/she shall not be eligible for further allowances until he/she shall have performed his/her normal duties for a continuous period of seventeen (17) weeks.

Section 13.11. No assignment of any sickness allowance will be permitted or recognized. Attempts at assignment will be regarded as sufficient cause for revocation of any allowances heretofore made, and in case of any attempted attachment or other legal proceedings, the Company may cancel or revoke any allowances, and in its discretion, or if it so elects, pay such allowances to the family of such sick or disabled employee.

Section 13.12. Where the sickness of an employee is such as to amount to permanent disability, or to indicate a more or less permanent absence from the service of the Company, the Company reserves the right to arrange to have the employee, if eligible, placed on Long Term Disability, in which event all payments herein provided shall be exhausted before such action is taken. Any allowance herein provided for shall in no way affect the right of the Company to sever the connection of an employee from the service of the Company for just cause.

Section 13.13. In the event an employee is paid Sickness Disability Allowance due to an injury caused by some person other than the Company or such injured employee, the Company may after a reasonable time pursue the subrogated rights of such employee against said other person up to the extent of the amount it has paid to the employee as Sickness Disability Allowances, if the injured employee does not pursue his/her remedy for damages. In addition, in the event the employee pursues his/her remedy against such third person and receives a judgment or decree or settlement from such third person, the Company shall under its rights of subrogation be notified and will be entitled to participate in such judgment or decree or settlement up to the extent of the amount it has paid to the employee as Sickness Disability Allowances. If the Company receives a settlement, to the extent of the amount it has been paid, the employee shall have his/her Sickness Disability Allowance restored to the extent used.

Section 13.14. The Company will provide a Workers' Compensation Supplement to eligible employees who sustain an on-the-job injury and who meet the eligibility provisions and other conditions set forth in this Article 13. Such supplement shall represent the approximate difference between the value of compensation an employee receives under the applicable Workers' Compensation law and the net pay an employee would receive under the provisions of this article for his/her pay grade and step.

Section 13.15. Female employees (regular status) who leave work due to pregnancy shall be eligible for benefits in accordance with this Article 13 in the same manner as any other disability, provided that the following procedures are adhered to:

Following childbirth, the employee shall submit to the Company's medical consultant (internal or external) a written statement from her physician certifying the earliest date that the employee can return to work. Benefits under this Article 13 shall cease on the return to work date certified by the employee's physician. If the employee elects not to return to work on this date, the employee may request a leave of absence in accordance with Article 14, Sections 14.06, 14.08 and 14.09.

Section 13.16. It is understood that none of the provisions of this Article 13 shall in any way limit the Company's right to discipline employees for excessive absenteeism or misrepresentation of injuries, ailments, or physical condition.

- (a) Notwithstanding the above, the parties agree to institute the following on a trial basis, effective 1-1-05:

Employees absent due to sickness will not be disciplined for excessive absenteeism for using the first two Annual Allowance Days in any given year.

- (b) Sunset Provision: Subsection (a) set forth above is being instituted on a trial basis for 2 years through 12-31-06. In early 2007, the Company and Union shall review the total

number of 2006 sick days (paid or unpaid), including Family & Medical Leave (FMLA) absences, but excluding Sickness Disability Cases (on a per employee basis). Subsection (a) shall continue for the duration of the 2004 Labor Agreement providing the total number of 2006 sick days (paid or unpaid), including FMLA absences, but excluding Sickness Disability Cases (on a per employee basis) is reduced by at least 20% compared with the total number of 2003 sick days excluding Sickness Disability Cases (on a per employee basis); otherwise, subsection (a) will become null and void effective 1-1-07.

ARTICLE 14

LEAVE OF ABSENCE

Section 14.01. Employees will be excused with pay for absence on scheduled workdays upon the occasion of a death as follows:

- (a) Between, and including, the day of death and the day of the funeral of a father, mother, foster father or mother, husband, wife, brother, sister, son or daughter, mother-in-law, or father-in-law, grandfather, grandmother, stepfather or stepmother with a maximum of four (4) working days. One (1) of the four (4) days total allotment may be taken on the day immediately after the funeral.
- (b) For one day on the day of the funeral to attend the services for a son-in-law, daughter-in-law, grandson, granddaughter, stepbrother, stepsister, stepchild, half brother or half sister.
- (c) In the event relatives listed in Section 14.01(b) were living in the household of the employee at the time of death, the allowance of Section 14.01(a) shall apply.
- (d) The allowances of this Section shall apply only to employees regularly at work and shall not apply to employees absent because of sick leave, leave of absence for any reason, layoff, furlough, disciplinary action, or any permitted absence exclusive of vacation.

Section 14.02. When regular employees are selected to serve as jurors in the jurisdiction of their residence and are required to be absent from work on regular scheduled workdays because of jury duty, pay at their basic rate shall be continued during such absences and they may retain any fees paid to them for jury duty. The work schedules of shift workers will be revised when necessary so that they will not be assigned to night work on normal jury duty days. Employees shall notify their supervisors promptly after receiving notice of jury duty summons and shall obtain such certifications regarding hours and days of jury duty as may be required by the Company. Employees shall report for work whenever they are not actually serving as jurors during their regular scheduled workdays unless otherwise instructed by their supervisors. Continuation of pay as provided herein shall not be allowed more than once in two consecutive calendar years unless the individual is unable to be excused from serving on jury duty.

Section 14.03. Any employee subpoenaed as an innocently involved witness in a federal, state or local government judicial proceeding shall lose no pay thereby.

Section 14.04. Employees who are called to active duty or enlist in the U.S. Armed Forces shall be granted leaves of absence for their initial tour of duty or initial enlistment period. If such

employees return to work within 90 days of their separation or discharge from military service, their continuous service with the Company shall not be broken. Unless otherwise required by law, all employee benefits shall be suspended during the period such employees are on active duty.

Section 14.05. Employees who are called to temporary, short term active duty in the National Guard or Reserve due to a declared emergency or regular encampment shall be granted a leave of absence on request. The Company will compensate employees during such leaves for the difference between the employee's base military pay, excluding any allowances, and the employee's base pay rate in the Company, providing employees promptly submit official military documentation as to military pay received for the period of the emergency or regular encampment.

Section 14.06. An employee who has worked for PEPCO for at least one (1) year may make a request for a leave of absence under local and/or federal family and medical leave laws provided the employee has worked the requisite number of hours in the preceding twelve (12) months. A request for leave must be made in writing specifying the reason for such leave (including any requested supporting documentation), the date the leave is expected to commence and the date the employee expects to return to work.

Section 14.07. An employee may request a personal leave of absence without pay for a period up to four (4) months providing such request is made in writing stating the reason for such leave, the date the leave is to commence, and the date the employee will return to work. Such leave requests shall be submitted to the employee's department head and shall require the approval of the employee's Vice President or Director and the Vice President who is responsible for the Human Resources function in Power Delivery. Depending on Company operating requirements and reasons for requested leaves of absence, the Company shall be the sole determiner as to whether a leave of absence is granted. If the employee does not return to work on the approved return date, his/her employment with the Company shall be terminated. Personal leaves of absence shall not be renewed or extended beyond the approved return date except in cases of demonstrated hardship and only on the approval of the employee's Vice President or Director and the Vice President who is responsible for Human Resources in Power Delivery. No leave will be granted to accept employment with another organization or to be self-employed. No more than one (1) leave of absence (four (4) months maximum) will be granted within any continuous eighteen (18) month period. Before beginning such a leave of absence, an employee must take all vacation to which he/she is then entitled.

Section 14.08. Any employee who is duly elected to a federal, state, or local government position which requires such employee to be absent from the Company on a full-time basis, may request a leave of absence without pay for a period not to exceed the first term of office.

Section 14.09. Employees granted leaves of absence under Section 14.06 shall maintain the applicable group medical and group dental plan coverage as if they had continued working. In the event the employee is a member of a medical plan requiring an employee contribution, the employee must timely forward the appropriate contribution to the department responsible for employee benefits each month to continue coverage. Group life insurance may be continued under the terms described in Section 14.10.

Section 14.10. Employees granted leaves of absence under Sections 14.07 and 14.08 shall have the coverage of the following benefit plans continued to the end of the month in which the leave commences:

Group Life Insurance Program
Group Medical Insurance Program
Group Dental Assistance Plan

If the employee desires to obtain continued coverage under these programs after the period specified above, such employees shall pay the full monthly cost of the benefit plan premiums or contributions up to and including the month in which the employee returns to work from his/her leave of absence. Full monthly cost shall include both employee and employer premiums or contributions. Such payments shall commence and be submitted to the Department responsible for benefits by the first day of the month following the periods specified above and by the first day of any succeeding months of the leave of absence. Failure to make timely payments as prescribed shall cause the immediate cancellation of the program coverage. Regarding the General Retirement Plan, employees on a personal leave of absence under Section 14.07 shall maintain their benefit accrual without having to pay any additional cost. Employees on leave under Section 14.08, however, must make contributions to continue benefit accrual during their leave. If an employee taking a leave under Section 14.08 does not desire to make contributions to the General Retirement Plan during a leave, contributions to the Plan will be suspended during the leave of absence and be resumed when the employee returns to work.

Section 14.11. Employees who return from a personal leave of absence prior to or on the approved return date will be reinstated in their former position at their former rate of pay and will retain their position on the seniority roster.

Section 14.12. A regular employee who is elected or appointed to a full-time official position in Local Union #1900 shall be granted a leave of absence without pay by the Company for the term of such elected or appointed office. In conjunction with such leave, the following will apply:

- (a) The President of Local Union #1900 shall give written notice to the Manager responsible for handling Labor Relations stating the name of the employee to be granted leave, the date such leave will commence, and the name and term of office involved.
- (b) The Company shall make no wage payments to the employee during the term of leave of absence; however, the Company will continue the employee's coverage under certain benefit plans listed below, provided that Local Union #1900 reimburses the Company for the full cost of premiums or contributions (employee-employer) currently in effect for such plans. Such reimbursements shall be forwarded monthly to the department responsible for benefits. The benefit plans subject to such continuation are as follows:

Group Medical Insurance Program
Group Life Insurance Program
General Retirement Plan
Long Term Disability Plan
Group Dental Assistance Plan

Local Union #1900 shall be responsible for providing Workers' Compensation coverage for any employee who is on leave of absence under this Section 14.12.

- (c) An employee on leave shall continue to accrue all seniority rights during the term of office with Local Union #1900 and shall, upon expiration of such leave, be reinstated in his/her former job classification at the former work location if he/she is physically qualified to

perform the work. It is understood that an employee on leave for Union business forfeits any promotional opportunities in the Company which occur during such leave of absence.

ARTICLE 15

LIMITED SERVICE

Section 15.01. When (a) an employee with ten (10) or more years of continuous service is unable to perform the regular work of his/her classification because of a disability resulting from a non-occupational illness or injury, or when (b) an employee, regardless of length of service, is unable to perform the regular work of his/her classification because of a disability resulting from an accident on the job, the Company may invoke the provisions of this Article by giving written notice to the employee, copy to the Union. Such notice shall state that the employee may bid into any available job he/she can do within the limits of his/her disability and shall have his/her pay protected to the extent set forth in the applicable provision of this Article. If the employee does not successfully bid into another job within 12 months of such notice, the Company will endeavor to place him/her in any available work where, in the Company's opinion, the employee can be productive taking into account his/her previous experience, education and the limits of his/her disability. At its election, the Company can permanently place an employee prior to the expiration of this 12-month period and the employee's salary shall be grandfathered for the balance of that 12-month period. In the event the employee bids into another position prior to the expiration of the original 12-month period, that employee's pay shall be grandfathered for the balance of that 12-month period governed by the provisions of Sections 15.02 & 15.03. In fulfilling its obligation under this Article, the Company may place employees without regard to the posting, seniority or other selection requirements of Article 8; however, such placement shall be discussed in advance with the Union.

Section 15.02. If the disability referred to in Section 15.01 results from a non- occupational illness or injury, the employee's rate of pay shall be determined as follows:

- (a) If the employee has completed twenty (20) years of continuous service, his/her rate of pay will be grandfathered (as defined below in Section 15.03).
- (b) If the employee has completed fifteen (15) years of continuous service, his/her rate of pay will be reduced by 50% of the difference between his/her existing rate and the rate established for the work he/she is to perform.
- (c) If the employee has completed ten (10) years of continuous service, his/her rate of pay will be the rate established for the work he/she is to perform.

Section 15.03. When the disability referred to in Section 15.01 results from an accident on the job which was promptly reported and was not the result of a willful or deliberate act by the employee, the employee's rate of pay shall be grandfathered, that is, he/she shall continue to be paid at the same step and pay grade that the employee was receiving at the time he/she was informed in writing of the Company's intention to invoke the provisions of this Article and shall be eligible for future general wage increases.

Section 15.04. Employees in limited service status who become subject to a reduction under the terms of Article 9 shall first have their status reviewed under the terms of this Article including classification and seniority.

Section 15.05. When an employee is to be changed to, or from, limited service, the case will be discussed with the Union and his/her seniority status decided by mutual agreement.

Section 15.06. Future status of an employee's ability to return to his/her former job or a job of higher classification shall be subject to review at anytime the employee's condition improves to allow such consideration. If the employee is found to be capable of performing the duties of his/her former job as determined by the Company's medical consultant (internal or external), he/she shall be returned to the job in question assuming there is a vacancy. Concerning a job in a higher classification or a job in another Occupational Group, if the employee is found to be capable of performing the duties of such job as determined by the medical consultant (internal or external), the employee shall be given consideration on the next job vacancy.

Section 15.07. All employees are expected to actively bid on other jobs after being placed on Article 15. To facilitate placement into an appropriate job, the Company may conduct a functional or vocational assessment of any employee placed on Article 15. While an employee is on Article 15, the Company shall endeavor to place him/her as set forth in Section 15.01 above.

ARTICLE 16

SUSPENSION AND DISCHARGE

Section 16.01. The maintenance of discipline is the responsibility of the Company and to that end the Company may discipline employees for cause. A copy of all disciplinary actions issued to Bargaining Unit employees will be forwarded to the Union. This includes all Oral Reminders, Written Reminders, Decision Making Leaves (DML), and notices of meetings regarding continuation of employment (and resulting determinations from such meetings).

Section 16.02. In the event the Company believes that a Bargaining Unit employee's problems regarding work performance, conduct & safety, or attendance appears to warrant discharge, a meeting will be scheduled for that employee before his/her Director (or designated representative); other Company representatives may also be present.

- (a) The employee and the Union will be notified, in writing, at least two (2) days prior to the meeting. The notification will include the date and time of the meeting, a statement describing the employee's performance problem(s), and a statement to the employee advising of his/her right to Union representation (also included will be the Union's telephone number).
- (b) The Company will endeavor to assure that a Union Steward is available when an employee is notified of the meeting. In the event a Steward is not available, the Union office will be notified as soon as reasonably possible.
- (c) The purpose of the meeting is to assure that an appropriate decision is made regarding the Bargaining Unit employee's continued employment with the Company. A representative

of the Union may attend that meeting. If desired, the employee may allow that Union official to represent him/her at that meeting. During this meeting, all parties will make all relevant facts available. Further, the Company may allow witnesses with relevant information to testify at the meeting.

- (d) After the meeting, and after the Company has completed any additional investigation that it deems appropriate, the employee will be advised, in writing, of the Company's final determination. A copy of that determination will be forwarded to the Union. It is understood that employees will remain at work pending the Company's final determination, unless that employee has been placed on Crisis Suspension or Excused With Pay.

Section 16.03. In the event a Bargaining Unit employee is placed on Crisis Suspension or Decision-Making Leave, the Company will endeavor to assure that a Steward is present when the employee is notified. In the event a Steward is not available, or it is impractical to have a Steward present, the management representative who places the employee on Crisis Suspension or Decision-Making Leave is responsible for ensuring that the Union office is notified as soon as possible. Additionally, the employee will be provided with the Union's telephone number.

- (a) It is understood and agreed that a Crisis Suspension does not necessitate a meeting before the employee's Director (or designated Representative) unless that suspension is expected to be converted to discharge. However, in the event a Crisis Suspension extends past five (5) days, the Union shall have the right to request a hearing. In the event of such request, the parties shall, within two (2) days, arrange to meet and discuss the employee's employment status.

Section 16.04. In the event the Union disagrees with a Company decision to discharge a Bargaining Unit employee, the Union may, within five (5) working days after the determination, appeal the discharge directly to Arbitration in accordance with Article 18. However, prior to Arbitration, the Union may request that a Step 2 meeting be held to discuss the matter.

Section 16.05. Crisis suspensions may be appealed directly to Step 2 of the Grievance Procedure, Article 17.

ARTICLE 17

GRIEVANCE PROCEDURE

Section 17.01. It is considered by the parties that all grievances should be presented promptly, discussed without delay and answered within a reasonable time. A grievance is defined as a violation of a specific term(s) or provision(s) of this Agreement or of an established precedent in terms and/or conditions of employment. It is also considered that grievances should be settled whenever possible at the levels where the greatest familiarity with the subject matter exists. Any individual employee or group of employees shall have the right to present grievances and to have them considered for adjustment, provided any adjustments are not inconsistent with the terms of this Agreement and a Union representative has been given an opportunity to attend as provided in this procedure. Therefore, it is agreed that all grievances shall be subject to the following grievance procedure.

Section 17.02. Any employee who believes that he/she has a grievance shall, within one (1) week after the cause of the grievance is alleged or known to have taken place, discuss it with his/her immediate supervisor. The employee may, if he/she desires, have his/her Steward present during the discussion. The supervisor shall within three (3) workdays after the discussion, notify the employee or Steward (if present at the discussion) of his/her disposition of the matter.

Section 17.03. Step 1--If the appropriate supervisor's response does not resolve the grievance, then within two (2) weeks after the cause for the grievance is alleged or known to have taken place, the grievance shall be stated in writing on forms available from the Company or the Union, listing facts, reasons, Agreement provisions in question, and/or established precedent in terms and conditions of employment. The grievance must be numbered (by the Local Union Office), dated and signed and one (1) copy shall be delivered to the Department Head and one (1) copy shall be delivered to the Department handling Labor Relations. If a grievance is not delivered to the Department Head within two (2) weeks after occurrence of cause for the grievance, it will no longer exist.

Section 17.04. Within one (1) week of delivery of the aforesaid grievance to the Department Head, the appropriate supervisor(s), the grievant, Steward, and/or Chief Steward shall meet to resolve the grievance. Within one (1) week after the meeting, the appropriate supervisor(s) shall give written notice to the Steward, with a copy to the Local Union President, of the determination of the grievance. If the grievance is not resolved, it may be taken to Step 2.

Section 17.05. Step 2--If the grievance is not resolved in Step 1, the President of the Local Union (or his/her designated representative) may, within two (2) weeks after receipt of the written determination in Step 1, submit in writing to the Manager responsible for handling Labor Relations (or his/her designated representative) a request for a meeting to resolve the grievance. Within one (1) week after receipt of such request from the Local Union President (or his/her designated representative), the Manager responsible for handling Labor Relations (or his/her designated representative) shall arrange to meet with the Union's Grievance Committee (grievant, Steward, Chief Steward, and/or Local Union President or his/her designated representative) to resolve the grievance. Such meeting will be held within four (4) weeks of the receipt of the request unless mutually agreed otherwise. The Union and the Company may have present and eligible to participate in the discussion any persons they so desire. Within two (2) weeks after the meeting, the Manager responsible for handling Labor Relations (or his/her designated representative) shall give written notice to the Local Union President (or his/her designated representative) of the determination of the grievance. If the grievance is not resolved in Step 2, it may be taken to arbitration as provided in Article 18.

Section 17.06. Discussions regarding grievances shall be conducted as far as practicable during the employee's working hours. Payment for discussions regarding grievances shall be compensated as outlined in Article 4 of this Agreement. All employees shall first obtain permission from their supervisor to be absent for such meetings and must report to him/her upon returning.

Section 17.07. Grievances relating to matters which extend beyond a single Department, Division, or Group may originate in the Step of the grievance procedure where management authority to settle the matter exists, but no grievance may be taken to arbitration until it has been presented in Step 2, except where time limits as described in Section 17.05 have been exceeded and then only if the party seeking to move the matter to arbitration has not caused or contributed

to the time limits being exceeded or except as otherwise provided for in Section 16.04 regarding discharges.

Section 17.08. Whenever a grievance involves a group of employees, a committee of not more than three persons, which shall include the appropriate Steward and at least one of the employees affected, may be substituted for an employee wherever the word "employee" is used in the grievance procedure.

Section 17.09. It is agreed that the grievance procedure or time limits may be varied at anytime by agreement of the parties when such action appears to be necessary or desirable.

Section 17.10. The Union and the Company shall inform each other of persons authorized to represent them in grievance matters.

Section 17.11. Grievances of the Company or Union shall originate in the lowest step where authority to take appropriate action exists.

Section 17.12. The grievance procedure is applicable to all employees in the bargaining unit except as otherwise restricted elsewhere in this Agreement, provided, however, that terminations of regular employees during their first year of continuous service and terminations of temporary employees at anytime may not be the subject of a grievance.

Section 17.13. Failure to comply with the time limit provisions by employees or Union representatives shall invalidate the grievance. Failure to comply with the time limit provisions by Management representatives shall permit the grievance to be advanced to the next Step of the grievance procedure.

ARTICLE 18

ARBITRATION

Section 18.01. Any grievance not resolved in Step 2 of the grievance procedure may be submitted to impartial arbitration.

Section 18.02. The Company or the Union shall notify the other party of its desire to proceed to arbitration within two (2) weeks of receipt of the Step 2 answer. Such notice shall be in writing and shall specify the grievance to be arbitrated and state the issue(s) involved.

Section 18.03. An impartial Arbitrator shall be selected by mutual consent of the Company and the Union as soon as practicable after receipt of the request for arbitration. If the parties do not agree on the selection of an Arbitrator within two (2) weeks after receipt of the request for arbitration, the American Arbitration Association shall select from a standing panel (agreed to by the parties in the Memorandum of Understanding by which this Agreement was established) the five Arbitrators least recently selected under this Article and shall provide a list thereof to each party. Within one (1) week following receipt of the list of Arbitrators, the parties shall meet and alternate in striking names from the list with the loser of a coin toss striking first. The remaining name, after each party has struck twice, shall be the impartial Arbitrator.

Section 18.04. The arbitration hearing shall be held as quickly as possible. The award of the Arbitrator shall be final and binding upon both parties and upon the employee(s) involved. The fees and expenses of the Arbitrator, and any other expenses agreed to by the parties prior to the arbitration hearing, shall be shared equally by the Company and the Union. The Arbitrator shall have power and authority to arbitrate only those matters expressly made subject to arbitration by the terms of this Agreement and shall rule only on the issues submitted to him/her. The Arbitrator shall have power only to interpret this Agreement and shall not have the power to alter or amend it.

Section 18.05. At the request of either party, a grievance involving the discharge or discipline of an employee shall be submitted to Expedited Arbitration (as defined below). The Arbitrator for such Expedited Arbitrations shall be appointed from a standing panel of at least ten (10) Arbitrators agreed to by the parties in the Memorandum of Understanding by which this Agreement was established. As soon as practicable after receipt of the arbitration request referred to in Section 18.02 above, the parties shall try to agree on a date(s) to arbitrate the case. If agreement is reached, the parties shall notify the American Arbitration Association (hereinafter "AAA") of the desired date(s). The AAA will then appoint an Arbitrator from the parties' standing panel who is available on the requested date(s). Prior to the parties' selection of a mutually acceptable date(s), neither party shall be informed of the availability of a named Arbitrator on a particular date. If the parties are unable to agree on a date within two (2) weeks after receipt of the request for arbitration, either party may so notify the AAA, requesting that the AAA appoint an Arbitrator who will set the time and date(s) after considering the parties' positions on when the case should be heard. In appointing Arbitrators under this Section, the AAA shall make every effort to evenly distribute the cases among the standing panel of Arbitrators. The Expedited Arbitration will be conducted according to the Expedited Arbitration rules generally in effect, except to the extent inconsistent with this Section.

ARTICLE 19

APPLICABLE LAWS AND REGULATIONS

Section 19.01. It is understood and agreed that the provisions of this Agreement are in all respects subject to all applicable laws and governmental regulations now or hereafter in effect and to the lawful rulings and orders of all regulatory commissions now or hereafter having jurisdiction. Should any provision of this Agreement be found to be in conflict with any applicable laws or lawful rulings or regulations, the parties shall at once meet for the purpose of discussing and/or modifying that portion of the Agreement only.

Section 19.02. The Company will endeavor to comply with all state and local laws and regulations relating to the safety and health of employees and will take such additional steps as may be necessary to make adequate provision therefore, including the establishment and maintenance of appropriate first aid stations and other facilities. The Company will also formulate and publish safety rules to which the employees shall be required to conform.

ARTICLE 20

SAFETY AND HEALTH

Section 20.01. The Company and the Union recognize the need for an effective Safety and Health Program for the benefit of all employees and the Company. The Union will cooperate in assisting and maintaining the Company's rules regarding safety and health. The Company recognizes the interest of the Union in the safety and health of its members, and will give careful consideration to any recommendations made by it. The Company agrees to investigate, upon request of the Union, any conditions which might affect the safety and health of employees, and will meet with a Union safety committee as designated below.

Section 20.02. The Company and the Union agree to establish a Joint Safety and Health Advisory Committee for the purpose of reviewing or recommending new or revised safety and health rules, discussing current safety and health conditions or problems, and discussing laws and regulations concerning Occupational Safety and Health Act (OSHA) and/or other federal and state regulatory agencies having local jurisdiction. This Committee shall consist of not more than three (3) members for the Company and three (3) members for the Union. Two of the three members of the Union committee will be permanent members of the Joint Safety and Health Advisory Committee and the third may be a rotating member as designated by the Union.

Section 20.03. This Committee shall generally meet on a monthly basis and take actions it deems appropriate in presenting and recommending new or revised safety and health rules affecting the employees of the Company. However, it should be understood that the establishment and enforcement of safety and health rules and regulations is a proper function of management and to this end the final determination as to adoption and implementation of safety and health rules shall be the sole responsibility of the Company.

Section 20.04. It is understood that any dispute arising out of the enforcement of Company established safety and health rules shall be proper subject for a grievance under Article 17 of this Agreement.

Section 20.05. The Company will compensate members (Company employees) for time spent in meetings of the Joint Safety and Health Advisory Committee.

Section 20.06. When the Company is required to notify OSHA or a corresponding state agency of an accident involving Company employee(s), it will also notify the Union of such accident. The Union may thereafter investigate the accident by having a Union official contact the Manager responsible for safety or a member of his/her staff who will arrange for such investigation.

ARTICLE 21

UNAUTHORIZED WORK STOPPAGES, SLOWDOWNS, OR LOCKOUTS

Section 21.01. It is understood and agreed that the services performed by the employees of the Company in their employment are essential to the continuing operations of the Company as a public utility and to the welfare of the public.

Section 21.02. During the term of this Agreement and any mutually agreed-upon extensions thereof, the Union will not call, authorize, encourage, ratify, or engage in any strike, sitdown, slowdown, or other interference with or stoppage of the work of the Company, and the Company will not engage in any lockout of employees.

Section 21.03. In the event that any employees in the bargaining unit individually or collectively engage in any strike, sitdown, slowdown, or other interference with or stoppage of work, the Company shall notify the Union of such incident and the Union shall take the following actions:

- (a) Notify the Company in writing within 24 hours of such incident that such strike, sitdown, slowdown, or other interference with or stoppage of work is not authorized by the Union.
- (b) Immediately instruct such employees that they are in violation of the Agreement and order them to immediately cease such action.
- (c) Grant such employees no assistance in such action.

Section 21.04. If the Union complies with Section 21.03 there shall be no responsibility on the part of the Union, its officers or representatives.

Section 21.05. If such employees (Section 21.03) do not cease such action immediately upon instructions of the Union, they shall be subject to discipline by the Company, including discharge.

Section 21.06. If there is any question about any individual employee as to his/her participation in a strike, sitdown, slowdown, or other interference with or stoppage of work, and/or the discipline imposed, the matter may be subject to Article 17. Grievance Procedure.

ARTICLE 22

BENEFIT PLANS

Section 22.01. General Retirement Plan (GRP) - The level and type of benefits provided under the existing General Retirement Plan, as amended by the 2004 Memorandum of Understanding (Benefits), will be continued during the term of this Agreement.

Section 22.02. Long Term Disability Plan (LTD)

- (a) The level and type of benefits provided under the existing Long Term Disability Plan for bargaining unit employees, as amended by the 2004 Memorandum of Understanding (Benefits), will be continued during the term of this Agreement. All employees awarded long term disability benefits under the plan must make timely application for Social Security Disability Benefits and if benefits are denied, must continue to appeal, in a timely manner, the denial of such benefits unless and until the Company or its agent determines further appeals are no longer necessary. Failure to file timely application or timely appeal(s) for Social Security Disability Benefits or to cooperate with the Company or its agents in such appeal(s) will result in suspension of benefits under the plan. The existing Disability Retirement Plan shall continue in effect only for purposes of coverage for employees who became disabled prior to June 1, 1982.

- (b) When an employee with ten (10) or more years of continuous service is unable to perform the regular work of his/her classification because of a physical disability resulting from a non-occupational illness or injury, and such employee has been determined ineligible for benefits under the Long Term Disability Plan for bargaining unit employees, when the Company is notified of such ineligibility, the Company shall endeavor to place the employee in any available work where, in the Company's opinion, the employee can be productive taking into account his/her previous experience, education and the limits of his/her physical disability; however, such placement shall be discussed in advance with the Union. In fulfilling its obligation, the Company may place employees without regard to the posting, seniority or other selection requirements of Article 8. Nothing herein shall preclude the employee from bidding into any available job during this period and the employee shall retain all rights under Article 15 of the Labor Agreement.

Section 22.03. Medical Coverage

- (a) The level and type of benefits provided under the Preferred Provider Organization (PPO) described in the 2004 Memorandum of Understanding (Benefits) will be continued during the term of this Agreement and shall apply to all bargaining unit employees except those who elect medical coverage under a Health Maintenance Organization plan as described in Section 22.04 below. During the term of this Agreement, all covered employees shall pay monthly contributions as set forth in the 2004 Memorandum of Understanding (Benefits).
- (b) In the event a Plan member has been paid benefits from the Plan for injuries caused by some person other than the Company or such injured member, the Company may, after a reasonable time, and with the written authorization of the injured member, pursue the subrogated rights of such member against said other person up to the amount it has incurred or paid to or on behalf of the member from the Plan, if the injured member does not pursue his/her remedy. Such injured member shall not unreasonably withhold his/her consent. In the event the member pursues his/her remedy against such third person and receives a judgment or decree or settlement from such third person, the Company shall, under its rights of subrogation, be notified by the member and will be entitled to participate in the judgment or decree or settlement up to the amount it has paid on behalf of the member from the Plan. If the Company receives a settlement, to the extent of the amount it has been paid, the employee shall have his/her "lifetime maximum" restored. It is agreed, however, that the Company shall be paid only from the amount remaining after all expenses, legal fees and court costs, etc. have been paid.

Section 22.04. Health Maintenance Organizations (HMO) -

- (a) Employees may elect either medical coverage described in Section 22.03, or medical coverage under a Health Maintenance Organization (HMO). Employees may make such an election during an annual "open enrollment period" in the last quarter of each year and such election shall be irrevocable during the next calendar year. During the term of this Agreement, employees who elect an HMO plan shall pay monthly contributions as set forth in the 2004 Memorandum of Understanding (Benefits).
- (b) The Company shall offer the services of a representative group of at least three HMOs. The determination as to which HMO shall be offered under this Section shall be made by the Company taking into account 1) the objective of providing representative HMO

options to as many employees as reasonably possible; 2) the requirements of federal law and regulations relating to HMOs; and 3) the need to protect employees and the Company from problems associated with medically or financially deficient HMO administration. If the Company determines to offer an HMO to employees, it shall not be deemed to be an endorsement of the HMO or an assurance from the Company that the employee will receive proper care from the HMO.

- (c) An employee who elects HMO medical coverage shall have such medical coverage as his/her exclusive medical coverage and the Company shall have no obligation with regard to the provision of medical benefits or payment thereof, other than payment as described in Section 22.04(a) above.

Section 22.05. Life Insurance - The level and type of benefits provided under the existing Group Life Insurance Plan for bargaining unit employees shall continue during the term of this Agreement.

Section 22.06. Travel-Accident Insurance - The existing Travel-Accident Insurance coverage (Company paid) for bargaining unit employees will be continued during the term of this Agreement.

Section 22.07. Dental Plan - The level and type of benefits provided under the 2004 Memorandum of Understanding (Benefits) shall continue during the term of this Agreement.

Section 22.08. Savings Plan - Provided Section 401(k) of the Internal Revenue Code as in effect on the date of this Agreement remains available, the level and type of benefits provided under the existing Savings Plan for bargaining unit employees, as amended by the 2004 Memorandum of Understanding (Benefits), shall continue during the term of this Agreement. The Company will provide a match of 40¢ for each dollar of participant's contributions to the Plan, up to 6% of base pay. Effective June 4, 2006, the match shall increase to 45¢ for each dollar of participant's contributions to the Plan, up to 6% of base pay. Effective June 1, 2008, the match shall increase to 50¢ for each dollar of participant's contributions to the Plan, up to 6% of base pay.

Section 22.09. Pre-Tax Spending Account - Provided Sections 125 and 129 of the Internal Revenue Code as in effect on the date of this Agreement remains available, the level and type of benefits provided under the existing Pre-Tax Spending Account for bargaining unit employees, as amended by the 2004 Memorandum of Understanding (Benefits), shall continue during the term of this Agreement.

Section 22.10. Child Care Referral Service - The level and type of benefits provided under the existing Child Care Referral Service shall continue during the term of this Agreement.

Section 22.11. The method of funding, the election to self-insure any benefit plan described in this Article or the selection of an insurer for any plan shall be entirely within the discretion of the Company, and in the event there is any change from the current insurer(s), the Company shall maintain programs whose overall level and type of benefits are equal to the present programs, if available. Any dividends or reductions in premium rates during the term of this Agreement will accrue to the benefit of the Company.

Section 22.12. The administration of benefit plans described in this Article shall be the responsibility of the Administrative Board of the Company under the direction of the Board of Directors. Such responsibility shall include the selection of trustees, consultants, actuaries, investment managers, or other parties deemed necessary for the orderly operation of the plans. The Company may enter into or amend contracts or agreements with any parties involved with any of the Plans described in this Article such as trustees, insurance carriers, financial institutions, or investment fund managers, in the administration and operation of trustee, self-funded self-insured, or insured benefit plans, and when necessary, to amend plans and plan documents to reflect operational changes or to secure qualification as appropriate from the Internal Revenue Service. It shall be the Company's responsibility and authority to determine the extent to which all or any part of any benefit plan is self-funded, trustee or insured. The Company will annually submit reports to the Union on defined benefit plans in accordance with the Employee Retirement Income Security Act (ERISA).

ARTICLE 23

IDENTITY OF PARTIES AND COMPLETE AGREEMENT

Section 23.01. The parties to this Agreement agree that it shall be binding upon them and their successors and assigns.

Section 23.02. It is agreed that in the negotiations leading to the execution of this Agreement each party had full opportunity to propose, present, and discuss all matters concerning relationships between the Company, its employees in the agreed classifications and jobs covered by this Agreement, and the Union. Neither party is obligated to bargain collectively, as regards such employees, with respect to any matter not covered by this Agreement, for the life thereof, except as may be specifically permitted by any reopening clause. Neither party shall have the right, without consent of the other party, to insist upon an addition thereto, change therein or deletion therefrom. Amendments to this Agreement may be made, however, and amendments proposed in writing by one party shall be considered by the other and discussed by the parties jointly; but if, as a result of such negotiations, no amendments are agreed to, the disagreement shall not constitute a dispute subject to Article 17, Grievance Procedure.

ARTICLE 24

DURATION, REOPENING AND RENEWAL

Section 24.01. Except as otherwise specifically provided in this Agreement or accompanying General Memorandum of Understanding and attachments thereto by which this Agreement was established, it shall become effective upon formal signing and shall supersede all prior agreements between the parties; except for the implementation of any change from the previous Agreement which shall occur as may be called for in the Agreement. The Standard Wage Classification shall be implemented as outlined in Sections 24.03, 24.04 and 24.05 of this Article. The term of this Agreement shall be to and including May 31, 2009 and it shall thereafter continue in full force and effect for succeeding periods of 12 calendar months each, unless either party, prior to April 1,

2009, or April 1 of any year thereafter, shall serve written notice upon the other party of its desire to amend and/or to terminate the Agreement as of the following June 1.

Section 24.02. If amendments to the Agreement are so proposed for any such June 1, such notice shall set forth the Articles and Sections of which amendment is desired and the nature of the proposed amendments. If, following negotiations on such amendments, agreement is not reached by June 1, either party may thereafter terminate this Agreement at any time by giving 48 hours' written notice thereof to the other.

Section 24.03. The Wage and Salary Schedule included in the Standard Wage Classification which constitutes Annex A to this Agreement shall become effective as of the date set forth in said Annex A, for all employees in the bargaining unit who are not covered by Section 24.04 below with each such employee's wage or salary rate, as the case may be, thereupon being changed to the applicable rate shown in Annex A for such employee's progression step in his/her Pay Grade.

Section 24.04. Other provisions of this Agreement notwithstanding, a wage increase of any type shall not become effective prior to the start of a pay period during which the employee records hours of work.

Section 24.05. Only those employees being carried on the Company's payroll as of the date of ratification shall be eligible for any retroactive payment as they may be otherwise entitled.

IN WITNESS WHEREOF, the Company and the Union have respectfully caused this Agreement, constituting the entire agreement between the parties with respect to the collective bargaining agreement, to be signed by their proper and duly authorized officials, this 1st day of July 2004.

Washington, D.C.

**POTOMAC ELECTRIC POWER COMPANY
AND PHI SERVICE COMPANY**

Vice President – Operations	/s/ Stanley A. Wisniewski
Vice President – PHI Power Delivery People Strategy & Performance Improvement	/s/ Ernest L. Jenkins, Sr
Manager –Strategic Labor Relations	/s/ William J. Wolverton
Manager – Employee Services	/s/ Eileen M. Appuglies

**LOCAL UNION #1900
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS**

President/Financial Secretary/ Business Manager	/s/ John A. Coleman
Business Representative & Treasurer	/s/ Charles A. Black
Business Representative & Executive Board Member	/s/ Joseph E. Hawkins
	/s/ Tiajuana Barnes
	/s/ James A. Griffin
	/s/ Thomas F. Kite
	/s/ Richard Strong

IN WITNESS WHEREOF, the Company and the Union have respectfully caused this Agreement, constituting the entire agreement between the parties with respect to the collective bargaining agreement, to be signed by their proper and duly authorized officials, this 1st day of July 2004.

Washington, D.C.

**POTOMAC ELECTRIC POWER COMPANY
AND PHI SERVICE COMPANY**

Vice President – Operations

/s/ Stanley A. Wisniewski
Stanley A. Wisniewski

Vice President – PHI Power Delivery
People Strategy & Performance Improvement

/s/ Ernest L. Jenkins, Sr.
Ernest L. Jenkins, Sr.

Manager – Strategic Labor Relations

/s/ William J. Wolverton
William J. Wolverton

Manager – Employee Services

/s/ Eileen M. Appuglies
Eileen M. Appuglies

**LOCAL UNION #1900
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS**

President/Financial Secretary/
Business Manager

/s/ John A. Coleman
John A. Coleman

Business Representative
& Treasurer

/s/ Charles A. Black
Charles A. Black

Business Representative
& Executive Board Member

/s/ Joseph E. Hawkins
Joseph E. Hawkins

/s/ Tiajuana M. Barnes
Tiajuana M. Barnes

/s/ James A. Griffin
James A. Griffin

/s/ Thomas F. Kite
Thomas F. Kite

/s/ Richard Strong
Richard Strong

**ANNEX A
STANDARD WAGE CLASSIFICATION
AGREEMENT OF MAY 30, 2004**

BETWEEN



**POTOMAC ELECTRIC POWER COMPANY AND
PHI SERVICE COMPANY
AND LOCAL UNION #1900
OF THE
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS**

**With
Wage and Salary Schedule**

Effective

May 30, 2004

May 29, 2005

June 4, 2006

June 3, 2007

June 1, 2008

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014 - Electric System Planning - Weekly	78
015 - Meter Reading - Hourly	63
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027 - Reliability Services - Hourly	67
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037 - Customer Services Development - Weekly	86
039 - Customer Design MD - Weekly	76
043 - Facility Operations & Maintenance - Hourly	68
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052 - Field Relay & Control - Hourly	66
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054 - Customer Design DC - Weekly	75
057 - Computer Operations - Weekly	84
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**WAGE SCHEDULE FOR
HOURLY RATE CLASSIFICATIONS**

Effective May 30, 2004

PAY GRADE	DOLLARS PER HOUR				
4	10.07	10.41	10.67	10.98	11.28
6	13.15	13.77	14.04	14.26	14.84
7	14.51	14.73	14.97	15.19	15.39
8	14.97	15.19	15.39	15.66	15.88
9	16.19	16.37	16.68	16.94	17.11
10	17.55	17.85	18.11	18.43	18.65
11	18.30	18.58	18.89	19.14	19.40
12	20.20	20.49	20.77	21.04	21.37
13	22.65	22.97	23.16	23.50	23.81
14	23.83	24.17	24.50	24.84	25.11
15	24.84	25.23	25.53	25.82	26.21
15-A	-	-	-	-	26.81
16	26.21	26.55	26.82	27.20	27.56
17	27.70	28.05	28.37	28.70	29.03
18	29.28	29.65	29.93	30.22	30.66
19	30.96	31.26	31.56	31.90	32.28
20	32.56	32.91	33.20	33.53	33.90

Consideration for time and merit progression through
step rates in each Pay Grade at 6-month intervals.

WAGE SCHEDULE FOR HOURLY RATE CLASSIFICATIONS

Effective May 29, 2005

PAY GRADE	DOLLARS PER HOUR				
4	10.40	10.75	11.02	11.34	11.65
6	13.58	14.22	14.50	14.72	15.32
7	14.98	15.21	15.46	15.68	15.89
8	15.46	15.68	15.89	16.17	16.40
9	16.72	16.90	17.22	17.49	17.67
10	18.12	18.43	18.70	19.03	19.26
11	18.89	19.18	19.50	19.76	20.03
12	20.86	21.16	21.45	21.72	22.06
13	23.39	23.72	23.91	24.26	24.58
14	24.60	24.96	25.30	25.65	25.93
15	25.65	26.05	26.36	26.66	27.06
15-A	-	-	-	-	27.68
16	27.06	27.41	27.69	28.08	28.46
17	28.60	28.96	29.29	29.63	29.97
18	30.23	30.61	30.90	31.20	31.66
19	31.97	32.28	32.59	32.94	33.33
20	33.62	33.98	34.28	34.62	35.00

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**WAGE SCHEDULE FOR
HOURLY RATE CLASSIFICATIONS**

Effective June 4, 2006

PAY GRADE	DOLLARS PER HOUR				
4	10.71	11.07	11.35	11.68	12.00
6	13.99	14.65	14.94	15.16	15.78
7	15.43	15.67	15.92	16.15	16.37
8	15.92	16.15	16.37	16.66	16.89
9	17.22	17.41	17.74	18.01	18.20
10	18.66	18.98	19.26	19.60	19.84
11	19.46	19.76	20.09	20.35	20.63
12	21.49	21.79	22.09	22.37	22.72
13	24.09	24.43	24.63	24.99	25.32
14	25.34	25.71	26.06	26.42	26.71
15	26.42	26.83	27.15	27.46	27.87
15-A					28.51
16	27.87	28.23	28.52	28.92	29.31
17	29.46	29.83	30.17	30.52	30.87
18	31.14	31.53	31.83	32.14	32.61
19	32.93	33.25	33.57	33.93	34.33
20	34.63	35.00	35.31	35.66	36.05

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

WAGE SCHEDULE FOR HOURLY RATE CLASSIFICATIONS

Effective June 3, 2007

PAY GRADE	DOLLARS PER HOUR				
4	11.03	11.40	11.69	12.03	12.36
6	14.41	15.09	15.39	15.61	16.25
7	15.89	16.14	16.40	16.63	16.86
8	16.40	16.63	16.86	17.16	17.40
9	17.74	17.93	18.27	18.55	18.75
10	19.22	19.55	19.84	20.19	20.44
11	20.04	20.35	20.69	20.96	21.25
12	22.13	22.44	22.75	23.04	23.40
13	24.81	25.16	25.37	25.74	26.08
14	26.10	26.48	26.84	27.21	27.51
15	27.21	27.63	27.96	28.28	28.71
15-A					29.37
16	28.71	29.08	29.38	29.79	30.19
17	30.34	30.72	31.08	31.44	31.80
18	32.07	32.48	32.78	33.10	33.59
19	33.92	34.25	34.58	34.95	35.36
20	35.67	36.05	36.37	36.73	37.13

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

WAGE SCHEDULE FOR HOURLY RATE CLASSIFICATIONS

Effective June 1, 2008

PAY GRADE	DOLLARS PER HOUR				
4	11.36	11.74	12.04	12.39	12.73
6	14.84	15.54	15.85	16.08	16.74
7	16.37	16.62	16.89	17.13	17.37
8	16.89	17.13	17.37	17.67	17.92
9	18.27	18.47	18.82	19.11	19.31
10	19.80	20.14	20.44	20.80	21.05
11	20.64	20.96	21.31	21.59	21.89
12	22.79	23.11	23.43	23.73	24.10
13	25.55	25.91	26.13	26.51	26.86
14	26.88	27.27	27.65	28.03	28.34
15	28.03	28.46	28.80	29.13	29.57
15-A					30.25
16	29.57	29.95	30.26	30.68	31.10
17	31.25	31.64	32.01	32.38	32.75
18	33.03	33.45	33.76	34.09	34.60
19	34.94	35.28	35.62	36.00	36.42
20	36.74	37.13	37.46	37.83	38.24

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

CUSTOMER CARE GROUP

METER SERVICES DIVISION

Meter Installation & Test

013040	Meter Electronic Technician A	18
013726	Meter Electronic Technician B	16
013066	Meter Electronic Technician C	12
013017	Meter Laboratory Technician	17
013039	High Tension Field Meter Tester	17
013041	Field Meter Tester A	15
013044	Laboratory Meter Tester A	15
013042	Field Meter Tester B	13
013045	Laboratory Meter Tester B	11
013043	Field Meter Tester C	10
013046	Laboratory Meter Tester C	8
013062	Helper	6
013090	Meter Installation Technician	16
013047	Meter Installer A	15
013048	Meter Installer B	12
013049	Meter Installer C	10
013075	Helper	6
013010	Meter Repairer A	15
013050	Equipment Service Technician A**	15

Meter Reading

015001	Special Meter Reader	13
015002	Meter Reader	12

CUSTOMER SERVICES OPERATIONS & ACCOUNTING DIVISION

Customer Credit

024002	Collection Specialist	15
024001	Collector	14
024013	Collection Order Dispatcher	14

**Restricted Roster

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

OPERATIONS GROUP

SHOPS & TEST DIVISION

Distribution Test

142001	Lead Distribution Tester	19
142011	Distribution Tester A	17
142002	Distribution Tester B	15
142003	Distribution Tester C	12
142004	Distribution Tester D	9
142062	Helper	6

Transformer Test

142010	Lead Transformer Tester	19
142021	Transformer Tester A	17
142030	Transformer Tester B	15
142031	Transformer Tester C	12
142033	Helper	6

FORESTVILLE SERVICE CENTER DIVISION

Forestville Service Center

413020	Lead Line Mechanic	19
413027	Senior Line Mechanic	17
413004	Line Mechanic A	15
413005	Line Mechanic B	12
413006	Line Mechanic C	9
413017	Helper	6
413071	Lead URD Mechanic	16
413072	URD Mechanic A	15
413073	URD Mechanic B	14
413074	URD Mechanic C	12
413080	URD Inspector	15A
413082	Overhead Inspector	13

OVERHEAD MAINTENANCE & CONSTRUCTION

Rockville Service Center

412220	Lead Line Mechanic - Rockville	19
412227	Senior Line Mechanic - Rockville	17
412204	Line Mechanic A - Rockville	15
412205	Line Mechanic B - Rockville	12
412206	Line Mechanic C - Rockville	9
412207	Helper - Rockville	6

JOB NUMBER	CLASSIFICATION	PAY GRADE
412081	URD Service Inspector	15A
412082	Overhead Inspector	13
412071	Lead URD Mechanic	16
412072	URD Mechanic A	15
412073	URD Mechanic B	14
412074	URD Mechanic C	12

UNDERGROUND MAINTENANCE & CONSTRUCTION

Benning Service Center

411007	Lead Construction Mechanic	18
411001	Construction Mechanic	17
411010	Conduit Crew Leader	15
411005	Conduit Equipment Operator	14
411013	Compressor Operator	9
411004	Conduit Installer A	13
411008	Conduit Installer B	9
411061	Conduit Installer C	6
411064	Truck Driver Conduit	9
411063	Truck Driver B	8
411075	System Line Locator**	17
411019	Lead Cable Splicer/Mechanic Pressurized Systems	19
411022	Lead Cable Splicer/Mechanic	19
411009	Cable Splicer/Mechanic A	17
411002	Cable Splicer/Mechanic B	15
411006	Cable Splicer/Mechanic C	12
411062	Helper	6
411082	Service Inspector**	13
411012	Materials Handler/Crane Operator**	13
411023	Underground Lines Trainer**	19

SUBSTATION MAINTENANCE & CONSTRUCTION DIVISION

051001	Lead Substation Technician	19
051002	Sr. Substation Technician	17
051003	Substation Technician	14
051033	Junior Substation Technician	9
051034	Helper	6

**Restricted Roster

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

SUBSTATION MAINTENANCE & CONSTRUCTION DIVISION (cont'd)

051017	Lead Substation Technician - Test	19
051018	Sr. Substation Technician - Test	17
051019	Substation Technician - Test	14
051020	Jr Substation Technician - Test	9
051033	Helper	6
051064	Gardener A	12
051065	Gardener B	9
051026	Painter A	15
051027	Painter B	13

PROTECTION & TELECOMMUNICATIONS OPERATIONS DIVISION

Field Relay & Control

052007	Test Specialist	20
052001	Relay Tester A	17
052008	Relay Tester B	14
052003	Relay Tester C	9
052021	Helper	6

Planning & Analysis

145044	Instrument & Equipment Technician A	17
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PROTECTION & TELECOMMUNICATIONS OPERATIONS DIVISION

Mobile & Radio Paging

198022	Radio Frequency Interference Investigator	18
198044	Instrument and Equipment Technician A	17
198010	Lead Electronic Technician	20
198005	Electronic Technician A	17
198006	Electronic Technician B	14
198009	Electronic Technician C	9
198018	Helper	6

Microwave & Fiber Optics

199010	Lead Electronic Technician	20
199005	Electronic Technician A	17
199006	Electronic Technician B	14
199009	Electronic Technician C	9
199018	Helper	6

**Restricted Roster

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

SYSTEM OPERATIONS & RESTORATION GROUP

Control Systems Support

065020	System Service Specialist	20
065021	System Service Technician A	17
065022	System Service Technician B	14
065010	Lead System Service Mechanic	17
065011	System Service Mechanic A	15
065012	System Service Mechanic B	13
065013	System Service Mechanic C	9
065014	Helper	6

Field Operations & Restoration

326585	Lead Substation Technician - Operations	19
326587	Sr. Substation Technician - Operations	17
326134	Substation Technician - Operations	15
326586	Substation Technician Trainee III - Operations	12
326135	Substation Technician Trainee II	8
326030	Substation Technician Trainee I	4

ASSET MANAGEMENT GROUP

Reliability Services

027055	Laboratory Technician A	15
027054	Laboratory Technician B	13
027053	Laboratory Technician C	8

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

PEPCO HOLDINGS, INC.
POWER DELIVERY – SHARED SERVICES
STRATEGIC SUPPORT SERVICES GROUP

Corporate Support Services

340340	Lead Messenger	9
340025	Mobile Messenger	8
340341	Messenger	6
340011	Chauffeur A	11
340012	Chauffeur B	9
340001	Lead Building Attendant	9
340004	Building Attendant	6

FACILITY MANAGEMENT DIVISION

Facility Operations & Maintenance

043015	Lead Building Engineer	15
043002	Building Engineer A	14
043006	Building Engineer B	13
043007	Building Engineer C	9
043020	Helper	6
043016	Lead Building Electrician	17
043017	Building Electrician A	14
043018	Building Electrician B	13
043011	Building Electrician C	9
043019	Helper	6
043001	Lead Building Attendant	9
043004	Building Attendant	6

OPERATIONS SUPPORT DIVISION

Fleet Services

017004	Lead Automotive Mechanic	17
017001	Automotive Mechanic A	16
017002	Automotive Mechanic B	13
017003	Automotive Mechanic C	8
017062	Helper	6

JOB NUMBER	CLASSIFICATION	PAY GRADE
General Shops		
005004	Lead Shop Mechanic.....	17
005001	Shop Mechanic A.....	15
005002	Shop Mechanic B.....	13
005003	Shop Mechanic C.....	9
005062	Helper.....	6
Stores		
016021	Lead Handler/Disposal Specialist ¹	16
016022	Lead Specialized Carrier ²	16
016030	Material Handler/Driver ³	15
016006	Equipment Operator A.....	14
016008	Equipment Operator B.....	11
016063	Material Handler.....	8
016061	Helper.....	6
016002	Stock Handler A.....	14
016003	Stock Handler B.....	11
016004	Stock Handler C.....	8
016062	Stock Handler-Helper.....	6

(1) Promotion to this position will be from job #016030 or 016002

(2) Promotion to this position will be from job #016030 or 016006.

(3) Promotion to this position will be from job #016002 or 016006.

**WAGE SCHEDULE FOR
WEEKLY RATE CLASSIFICATIONS**

Effective May 30, 2004

PAY GRADE	DOLLARS PER WEEK				
1	506.50	536.25	545.50	560.00	580.50
2	549.50	579.00	591.25	602.50	625.50
3	655.25	668.75	675.00	682.50	697.00
4	711.50	726.00	737.75	755.25	764.75
5	790.50	807.50	823.75	836.25	848.75
6	906.00	922.00	936.00	949.75	962.75
7	985.50	1,002.00	1,015.25	1,030.00	1,044.00
8	1,042.25	1,062.75	1,079.00	1,100.25	1,114.00
9	1,132.25	1,153.25	1,175.50	1,205.50	1,226.00
9-A	1,250.75	1,272.50	1,296.25	1,323.75	1,346.25

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**WAGE SCHEDULE FOR
WEEKLY RATE CLASSIFICATIONS**

Effective May 29, 2005

PAY GRADE		DOLLARS PER WEEK			
1	523.00	553.75	563.25	578.25	599.50
2	567.50	598.00	610.50	622.25	646.00
3	676.75	690.50	697.00	704.75	719.75
4	734.75	749.75	761.75	780.00	789.75
5	816.25	833.75	850.75	863.50	876.50
6	935.50	952.00	966.50	980.75	994.25
7	1,017.75	1,034.75	1,048.25	1,063.50	1,078.00
8	1,076.25	1,097.50	1,114.25	1,136.25	1,150.25
9	1,169.25	1,190.75	1,213.75	1,244.75	1,266.00
9-A	1,291.50	1,314.00	1,338.50	1,367.00	1,390.00

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**WAGE SCHEDULE FOR
WEEKLY RATE CLASSIFICATIONS**

Effective June 4, 2006

PAY GRADE	DOLLARS PER WEEK				
1	538.75	570.50	580.25	595.75	617.50
2	584.75	616.00	629.00	641.00	665.50
3	697.25	711.25	718.00	726.00	741.50
4	757.00	772.25	784.75	803.50	813.50
5	840.75	859.00	876.50	889.50	903.00
6	963.75	980.75	995.50	1,010.25	1,024.25
7	1,048.50	1,066.00	1,079.75	1,095.50	1,110.50
8	1,108.75	1,130.50	1,147.75	1,170.50	1,185.00
9	1,204.50	1,226.50	1,250.25	1,282.25	1,304.00
9-A	1,330.25	1,353.50	1,378.75	1,408.25	1,431.75

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**WAGE SCHEDULE FOR
WEEKLY RATE CLASSIFICATIONS**

Effective June 3, 2007

PAY GRADE	DOLLARS PER WEEK				
1	555.00	587.75	597.75	613.75	636.25
2	602.50	634.50	648.00	660.25	685.50
3	718.25	732.75	739.75 -----	748.00	763.75
4	779.75	795.50	808.50	827.75	838.00
5	866.00	885.00	903.00	916.25	930.25
6	992.75	1,010.25	1,025.50	1,040.75	1,055.00
7	1,080.00	1,098.00	1,112.25	1,128.50	1,144.00
8	1,142.25	1,164.50	1,182.25	1,205.75	1,220.75
9	1,240.75	1,263.50	1,288.00	1,320.75	1,343.25
9-A	1,370.25	1,394.25	1,420.25	1,450.50	1,474.75

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**WAGE SCHEDULE FOR
WEEKLY RATE CLASSIFICATIONS**

Effective June 1, 2008

PAY GRADE		DOLLARS PER WEEK			
1	571.75	605.50	615.75	632.25	655.50
2	620.75	653.75	667.50	680.25	706.25
3	740.00	754.75	762.00	770.50	786.75
4	803.25	819.50	833.00	852.75	863.25
5	892.00	911.75	930.25	943.75	958.25
6	1,022.75	1,040.75	1,056.50	1,072.00	1,086.75
7	1,112.50	1,131.00	1,145.75	1,162.50	1,178.50
8	1,176.75	1,199.50	1,217.75	1,242.00	1,257.50
9	1,278.00	1,301.50	1,326.75	1,360.50	1,383.75
9-A	1,411.50	1,436.25	1,463.00	1,494.25	1,519.00

Consideration for time and merit progression through step rates in each Pay Grade at 6-month intervals.

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

CUSTOMER CARE GROUP

METER SERVICES DIVISION

Meter Installation & Test

013020	Lead Meters Aide	8
013725	Meters Aide A	6
013022	Meters Aide B	4
013023	Meters Clerk	2

Meter Reading

015005	Regional Accounts Clerk/Machine Operator	5
015006	Regional Accounts Clerk	3
015007	Route Clerk	3
015010	Computer Applications Specialist**	9A

CUSTOMER OPERATIONS DIVISION

083022	Data Input Clerk A	4
083023	Data Input Clerk B	3
083030	Principal Service Representative	8
083001	Lead Service Representative**	7
083033	Service Representative A	6
083034	Service Representative B	4
083024	Receptionist	3
083006	Customer Service Lead Teller	7
083007	Customer Service Teller A	5
083008	Customer Service Teller B	4
083041	Telephone Operator A	3
083042	Telephone Operator B	2

CUSTOMER SERVICES OPERATIONS & ACCOUNTING DIVISION

Customer Credit

024015	Lead Credit Analyst	8
024016	Credit Analyst A	6
024017	Credit Analyst B	4
024018	Senior Delinquent Accounts Clerk**	3

**Restricted Roster

JOB NUMBER	CLASSIFICATION	PAY GRADE
Revenue Accounting		
028081	Lead Revenue Analyst	8
028082	Revenue Analyst A	6
028083	Revenue Analyst B	4

Billing Services & Investigations

306004	Billing Services and Investigations Lead	8
306021	Account Investigation Representative A	7
306020	Account Investigation Representative B	5
306010	Account Investigation Representative C	4
306011	Account Investigations Assistant**	5
306001	Lead Representative (Billing Maintenance)	7
306002	Billing Maintenance Analyst	5
306006	Billing Maintenance Representative A	4
306005	Billing Maintenance Representative B	3
306020	Special Investigations Representative	7
306100	Internet Representative A	6

Mail and Bank Receipts

023034	Lead Processing Clerk	6
023030	Receipts Processing Clerk A	5
023032	Receipts Processing Clerk B	3
023033	Receipts Processing Clerk C	2

ASSET MANAGEMENT GROUP

CUSTOMER DESIGN DC DIVISION

Customer Design DC

054044	Field Technician A	9
054041	Field Technician B	8
054042	Field Technician C	7
054043	Field Technician D	5
054018	Field Assistant	2
054085	Technical Assistant A	9
054084	Technical Assistant B	8
054083	Technical Assistant C	6
054082	Technical Assistant D	4

**Restricted Roster

JOB NUMBER	CLASSIFICATION	PAY GRADE
Customer Design DC (cont'd)		
054039	Right-of-Way Representative A	9
054029	Right-of-Way Representative B	6
054075	Service Security Assistant**	7
054003	Customer Engineering Representative	9
054010	Builder Service Representative	7
054011	Customer Engineering Assistant	5
054007	Processing & Liaison Administrator	8
054017	Customer Engineering Clerk A	6
054004	Customer Engineering Clerk B	5
054005	Customer Engineering Clerk C	4
054601	Distribution Designer A	
9A		
054602	Distribution Designer B	9
054603	Distribution Designer C	7
054604	Distribution Designer D	5
054605	Field Assistant	2
054606	Distribution Representative A	7
054607	Distribution Representative B	6
054608	Distribution Representative C	5
054609	Distribution Representative D	4

CUSTOMER DESIGN MD DIVISION

Customer Design MD

039044	Field Technician A	9
039041	Field Technician B	8
039042	Field Technician C	7
039043	Field Technician D	5
039085	Technical Assistant A	9
039084	Technical Assistant B	8
039083	Technical Assistant C	6
039082	Technical Assistant D	4
039039	Right-of-Way Representative A	9
039029	Right-of-Way Representative B	6
039003	Customer Engineering Representative	9
039010	Builder Service Representative	7
039011	Customer Engineering Assistant	5

**Restricted Roster

JOB NUMBER	CLASSIFICATION	PAY GRADE
Customer Design MD (cont'd)		
039007	Processing & Liaison Administrator	8
039017	Customer Engineering Clerk A	6
039004	Customer Engineering Clerk B	5
039005	Customer Engineering Clerk C	4
039601	Distribution Designer A	9A
039602	Distribution Designer B	9
039603	Distribution Designer C	7
039604	Distribution Designer D	5
039018	Field Assistant	2
039606	Distribution Representative A	7*
039607	Distribution Representative B	6
039608	Distribution Representative C	5
039609	Distribution Representative D	4

Reliability Services

027085	Technical Assistant A	9
027084	Technical Assistant B	8
027083	Technical Assistant C	6
027082	Technical Assistant D	4
027601	Distribution Designer A	9A
027602	Distribution Designer B	9
027603	Distribution Designer C	7
027604	Distribution Designer D	5
027605	Field Assistant	2
027101	Senior Customer Reliability Investigator	8

DISTRIBUTION & TRANSMISSION ENGINEERING DIVISION

Distribution Engineering

006011	Prior Rights Aide A	9
006012	Prior Rights Aide B	6
006085	Technical Assistant A*	9
006084	Technical Assistant B*	8
006083	Technical Assistant C*	6
006082	Technical Assistant D*	4
006044	Field Technician A	9
006041	Field Technician B	8
006042	Field Technician C	7
006043	Field Technician D	5
006045	Field Technician E	4

*Areas 006/014/125/128/140/197 are on one combined roster.

JOB NUMBER	CLASSIFICATION	PAY GRADE
Distribution Engineering (cont'd)		
006019	Specialist Surveyor.....	9
006020	Surveyor A.....	8
006021	Surveyor B.....	7
006022	Surveyor C.....	4
006039	Right-of-Way Representative A.....	9
006029	Right-of-Way Representative B.....	6
006024	Job Processor Clerk A.....	8
006047	Job Processor Clerk B.....	7
006026	Job Processor Clerk C.....	6
006031	Pricing Clerk A.....	5
006027	Pricing Clerk B.....	4
006601	Distribution Designer A.....	9A
006602	Distribution Designer B.....	9
006603	Distribution Designer C.....	7
006604	Distribution Designer D.....	5
006605	Field Assistant.....	2

ELECTRIC SYSTEM PLANNING & SUBSTATION ENGINEERING DIVISION

Electric System Planning

014085	Technical Assistant A*.....	9
014084	Technical Assistant B*.....	8
014083	Technical Assistant C*.....	6
014082	Technical Assistant D*.....	4
014062	Clerk Stenographer C.....	3

Substation Engineering & Design

128085	Technical Assistant A*.....	9
128084	Technical Assistant B*.....	8
128083	Technical Assistant C*.....	6
128082	Technical Assistant D*.....	4

PROCESS & TECHNOLOGY DIVISION

Design Services

008010	Lead Design Technician, Electrical/Wiring.....	9A
008001	Design Technician A, Electrical/Wiring.....	9
008002	Design Technician B, Electrical/Wiring.....	8
008003	Design Technician C, Electrical/Wiring.....	6
008004	Drafting Technician, Electrical/Wiring.....	4

*Areas 006/014/125/128/140/197 are on one combined roster.

JOB NUMBER	CLASSIFICATION	PAY GRADE
Design Services (cont'd)		
008040	Lead Design Technician, Civil/Structural	9A
008041	Design Technician A, Civil/Structural	9
008042	Design Technician B, Civil/Structural	8
008043	Design Technician C, Civil/Structural	6
008044	Drafting Technician, Civil/Structural	4
008027	Lead Records Preservation Clerk	6
008024	Records Preservation Clerk A	5
008025	Records Preservation Clerk B	3
008026	Records Preservation Clerk C	2
008032	Data Input Clerk A	4
008033	Data Input Clerk B	3
008064	Clerk-Typist A	2
008065	Clerk-Typist B	1

Process & Technology

110601	Distribution Designer A	9A
110602	Distribution Designer B	9
110603	Distribution Designer C	7
110604	Distribution Designer D	5
110605	Field Assistant	2
110016	Graphic Technician A	8
110007	Graphic Technician B	6
110008	Graphic Technician C	4
110009	Graphic Technician D	2
110038	Computer Applications Assistant A	7
110040	Computer Applications Assistant B	5
110085	Technical Assistant A	9
110084	Technical Assistant B	8
110083	Technical Assistant C	6
110082	Technical Assistant D	4

PROJECT MANAGEMENT & BUDGETING DIVISION

Project Management & Budgeting

140034	Technical Assistant A*	8
140035	Technical Assistant B*	7
140036	Technical Assistant C*	6
140082	Technical Assistant D*	4
140013	System Analyst A	8
140014	System Analyst B	6
140601	Distribution Designer A	9A
140602	Distribution Designer B	9
140603	Distribution Designer C	7
140604	Distribution Designer D	5
140605	Field Assistant	2

*Areas 006/014/125/128/140/197 are on one combined roster.

**JOB
NUMBER****CLASSIFICATION****PAY
GRADE****SYSTEM PROTECTION & TELECOMMUNICATIONS ENGINEERING****Telecommunications Engineering**

197085	Technical Assistant A*	9
197084	Technical Assistant B*	8
197083	Technical Assistant C*	6
197082	Technical Assistant D*	4

System Protection Engineering

125085	Technical Assistant A*	9
125084	Technical Assistant B*	8
125083	Technical Assistant C*	6
125082	Technical Assistant D*	4

FINANCE GROUP**Financial Administration**

004025	Lead Principal Administrative Assistant	8
004026	Principal Administrative Assistant	7
004027	Senior Administrative Assistant	6
004005	Administrative Assistant	4

Power Delivery Budget Coordination

114032	System Analyst A	8
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OPERATIONS GROUP**PROTECTION & TELECOMMUNICATIONS OPERATIONS DIVISION****Microwave & Fiber Optics**

199029	Technical Aide A	8
199034	Technical Aide B	7
199035	Technical Aide C	6
199036	Technical Aide D	4

Planning & Analysis

145002	Technical Aide A	8
145034	Technical Aide B	7
145035	Technical Aide C	6
145036	Technical Aide D	4

*Areas 006/014/125/128/140/197 are on one combined roster.

**JOB
NUMBER****CLASSIFICATION****PAY
GRADE****SHOPS & TEST DIVISION**

142040	Transmission & Distribution Test Aide A	8
142041	Transmission & Distribution Test Aide B	7
142042	Transmission & Distribution Test Aide C	6

SUBSTATION MAINTENANCE & CONSTRUCTION DIVISION**Predictive Maintenance Management**

124085	Technical Assistant A	9
124084	Technical Assistant B	8
124083	Technical Assistant C	6
124082	Technical Assistant D	4

SYSTEM PROTECTION & CONTROL DIVISION**Substation Test**

052029	Technical Aide A	8
052034	Technical Aide B	7
052035	Technical Aide C	6
052036	Technical Aide D	4

SYSTEM OPERATIONS & RESTORATION GROUP**Control Room Operations**

417008	Complaint Dispatcher A	8
417009	Complaint Dispatcher B	6
417020	Complaint Dispatcher C	4
417002	System Operations Aide A	8
417003	System Operations Aide B	7
417004	System Operations Aide C	6
417005	System Operations Aide D	4

Control Systems Support

065006	System Operations Aide A	8
065003	System Operations Aide B	7
065004	System Operations Aide C	6
065005	System Operations Aide D	4

**JOB
NUMBER****CLASSIFICATION****PAY
GRADE****Operations Engineering & Services**

322085	Technical Assistant A	9
322084	Technical Assistant B	8
322083	Technical Assistant C	6
322082	Technical Assistant D	4

**JOB
NUMBER**

CLASSIFICATION

**PAY
GRADE**

PEPCO HOLDINGS, INC.

CORPORATE SERVICES

RATES AND REGULATORY PRACTICES GROUP

Revenue Analysis

307001	Rate Research Aide A	8
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CONTROLLER GROUP

Asset & Project Accounting

026001	Technical Valuation Aide A	9
026002	Technical Valuation Aide B	7
026003	Technical Valuation Aide C	6

026011	Lead Cost Analyst	8
026004	Cost Analyst A	6
026005	Cost Analyst B	4
026021	Cost Analyst C	3

026016	Inventory Cost Clerk A	4
026020	Inventory Cost Clerk B	3
026018	Property Records Clerk A	2
026019	Property Records Clerk B	1

026049	Lead Plant Analyst	7
026050	Plant Analyst A	6
026051	Plant Analyst B	5
026052	Plant Analyst C	3

026081	Lead Records Preservation Clerk	6
026082	Records Preservation Clerk A	5
026083	Records Preservation Assistant	4
026084	Records Preservation Clerk B	3
026085	Records Preservation Clerk C	2

Accounts Payable

025050	Lead Accounts Payable Clerk	7
025051	Accounts Payable Clerk	6
025052	Invoice Clerk A	5
025053	Invoice Clerk B	4
025054	Invoice Clerk C	2

**JOB
NUMBER****CLASSIFICATION****PAY
GRADE****Financial & Regulatory Reporting**

035030	Lead Data Control Specialist	7
035013	Data Control Specialist	6
035012	Data Control Clerk A	5
035032	Data Input Clerk A	4
035075	Typist A	2

Payroll

044045	Lead Payroll Control Clerk	7
044046	Payroll Control Clerk A	6
044048	Payroll Control Clerk B	5
044049	Payroll Clerk	3

COMPUTER SERVICES GROUP**TECHNICAL SERVICES & OPERATIONS DIVISION****Computer Operations**

057001	Lead Data Control Clerk	7
057012	Data Control Clerk A	5

** Restricted Roster

**JOB
NUMBER**
CLASSIFICATION
**PAY
GRADE**

PEPCO HOLDINGS, INC.

POWER DELIVERY – SHARED SERVICES

STRATEGIC SUPPORT SERVICES

Corporate Support Services

340039	Lead Mail Machine Operator	7
340040	Mail Machine Operator A	5
340041	Mail Machine Operator B	3
340007	Lead Print Reproduction Operator	6
340015	Print Reproduction Operator A	4
340014	Print Reproduction Operator B	2
340719	Print Shop Operator	9
340005	Print Shop Assistant A	7
340297	Print Shop Assistant B	5
340021	Print Shop Assistant C	3

FACILITIES MANAGEMENT DIVISION

Facility Operations & Maintenance

043023	Data Input Clerk A	4
043003	Data Input Clerk B	3

MATERIAL SERVICES DIVISION

Purchasing

107010	Purchasing Aide A	5
107011	Purchasing Aide B	4
107012	Purchasing Aide C	3
107013	Purchasing Aide D	2

OPERATIONS SUPPORT DIVISION

Stores

016014	Stores Office Clerk A**	7
016015	Stores Office Clerk B**	5
016016	Stores Office Clerk C**	3
016064	Clerk-Typist A	2
016065	Clerk-Typist B	1
016080	General Clerk	1

****Restricted Roster**

**JOB
NUMBER****CLASSIFICATION****PAY
GRADE****Fleet Services**

017019	Parts Inventory & Cost Control Specialist.....	4
017010	Transportation & Warranty Clerk	4
017020	Data Control Clerk	4

Waste Management

229060	Waste Management Administrative Assistant	7
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PEOPLE STRATEGY & PERFORMANCE IMPROVEMENT GROUP**PD Employee Communications**

075058	Staff Photographer.....	8
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CUSTOMER CARE GROUP**Customer Services Development**

037002	Schedule Analyst.....	7
037013	System Development Representative A	7
037014	System Development Representative B	5

CONTROLLER GROUP**Corporate Accounting**

025062	Lead Accounting Clerk	7
025063	Accounting Clerk A	6
025064	Accounting Clerk B	5
025065	Accounting Clerk C	3

APPENDIX
ORGANIZATIONAL UNITS
HOURLY

Asset Management Group

Reliability Services

Customer Care Group

Customer Credit
Meter Installation & Test
Meter Reading

Operations Group

Benning Service Center
Distribution Test
Field Relay & Control
Forestville Service Center
Microwave & Fiber Optics
Mobile & Radio Paging
Planning & Analysis
Rockville Service Center
Substation Maintenance & Construction
Transformer Test

System Operations & Restoration Group

Control Systems Support
Field Operations & Restoration

PEPCO HOLDINGS, INC.

Strategic Support Services Group

Corporate Support Services
Facility Operations & Maintenance
Fleet Services
General Shops
Stores

WEEKLY

Asset Management Group

- Customer Design DC
- Customer Design MD
- Design Services
- Distribution Engineering
- Electric System Planning
- Process & Technology
- Project Management & Budgeting
- Reliability Services
- Substation Engineering & Design
- System Protection Engineering
- Telecommunications Engineering

Customer Care Group

- Billing Services & Investigation
- Customer Credit
- Customer Operations
- Mail and Bank Receipts
- Meter Installation & Test
- Meter Reading
- Revenue Accounting

Finance Group

- Financial Administration
- Power Delivery Budget Coordination

Operations Group

- Microwave & Fiber Optics
- Planning & Analysis
- Predictive Maintenance Management
- Shops & Test
- Substation Test

System Operations & Restoration Group

- Control Room Operations
- Control Systems Support
- Operations Engineering & Services

PEPCO HOLDINGS, INC.

Corporate Services

Computer Services Group

Computer Operations

Controller Group

Accounts Payable
Asset & Project Accounting
Financial & Regulatory Reporting
Payroll

Rates and Regulatory Practices Group

Revenue Analysis

Power Delivery – Shared Services

Controller Group

Corporate Accounting

Customer Care Group

Customer Services Development

People Strategy & Performance Improvement Group

PD Employee Communications

Strategic Support Services

Corporate Support Services
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Fleet Services
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Stores
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Whereas, the Potomac Electric Power Company and the PHI Service Company (the "Company") and Local 1900 of the International Brotherhood of Electrical Workers (the "Union"), pursuant to Article 24 of the 2001 Collective Bargaining Agreement, gave each other notice in March 2004 of their desire to amend such Agreement; and,

Whereas, the parties have conducted negotiations from April 5, 2004, through June 13, 2004, for the purpose of establishing a successor Collective Bargaining Agreement (hereinafter referred to as the "Agreement," "Labor Agreement," or "CBA"), whose terms are set forth below;

Whereas, the Company and the Union have agreed that the 2004 CBA shall be effective upon ratification except as provided elsewhere in this Agreement until expiration thereof in the manner set forth in this Agreement;

It is, therefore, further agreed and understood between the Company and Union that:

- I. The Contract shall read as set forth in Attachment A.
- II. Annex A shall read as set forth in Attachment B.
- III. The "Memorandum of Understanding (Benefits)" shall read as set forth in Attachment C and the Exhibits attached thereto and shall be effective as indicated therein.
- IV. General Wage Increases (GWI)

The Company shall provide general wage increases, effective on the payroll periods indicated below:

5-30-04 – 3.5% (applies retroactively)
5-29-05 – 3.25%
6-04-06 – 3%
6-03-07 – 3%
6-01-08 – 3%

- V. Divestiture Issues

A. The industry is in the midst of a major restructuring, with the possibility that it may be either necessary or prudent, in the Company's sole judgment, to sell transmission or other corporate assets or operations to a third party or to transfer assets or operations to a subsidiary, pursuant to a joint venture or other business combination(s). In such cases, affected employees shall have their employment at the Company terminated on the closing or transfer date and shall have no future rights under the collective bargaining agreement (hereinafter "CBA") with respect to the Company. Nothing in the CBA shall require a different result. The Company shall bargain with the Union

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regarding the effects of any such transaction on bargaining-unit employees and has already conducted effects bargaining with respect to the possible divestiture of any such assets (see B. immediately below).

B. The Company and Union have conducted "effects bargaining" regarding the possible divestiture of any of its assets and agree as follows:

- 1. The Company agrees that as a condition of divestiture, the Company will:**
 - a. Require any Buyer to offer employment from and after the closing to all affected bargaining-unit employees who have 12 ½ years or more of service.**
 - b. Require any Buyer to recognize the Union as the exclusive bargaining representative of affected bargaining-unit employees ("affected bargaining-unit employees" are employees who are offered employment by any Buyer).**
 - c. Subject to paragraph C. below, require any Buyer to assume the 2004 CBA for those affected bargaining-unit employees who transfer to the Buyer.**
 - d. Require any Buyer to provide employees with full credit for service with Pepco, including retention of seniority under the provisions of the 2004 CBA. For example, if at time of closing employee X has 15 years of service with Pepco, then he/she will be deemed to have 15 years of service with the Buyer under the 2004 CBA.**

C. Employee Benefits

The Company will further require any Buyer to provide benefits to affected bargaining-unit employees substantially equivalent to those provided under the CBA. In doing so, the Buyer shall have the right to use different providers and to establish its own benefit plans or use its existing plans. There shall be no duplication of benefits. The Company shall require any Buyer to recognize service with the Company for purposes of eligibility and vesting and benefit calculations in any benefit plan, program, or fringe benefit arrangement.

Employees offered employment by any Buyer shall not be eligible for severance pay or any other termination benefits from the Company, except as may be required by law.

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D. Transfer of Ownership

Affected bargaining-unit employees will cease to be employees of the Company upon the transfer of ownership and will have no further bidding, recall or other rights for positions in the Company. The Union acknowledges that upon transfer of ownership, the Company is relieved of obligations and liabilities under the CBA and this Agreement or otherwise to all affected bargaining-unit employees or future employees of the Buyer(s) to the extent that those obligations or liabilities arise on or after the transfer of ownership.

VI. Callout Incentives

The Company agrees to continue special callout incentives in areas that have written agreements to provide such incentives. All employees who respond to an overtime assignment while on call (as defined in above-referenced agreements) will continue to receive a premium of \$3.50 per overtime hour worked. All employees covered by such agreements who respond to a callout overtime assignment while not on call will continue to receive a premium of \$1.50 per overtime hour worked. Such incentives shall not apply in other areas that do not have a separate written agreement.

VII. Collector/Collection Specialist Vehicle Allowance

As set forth in the 1990 *General Memorandum of Understanding* (GMU), Collectors and Collection Specialists are required to provide their own vehicles for use on the job. For doing so, they are paid a weekly vehicle allowance in addition to mileage. Effective four (4) payroll periods after ratification of the 2004 Labor Agreement, the allowance shall be increased to \$15/week. As set forth in the 1990 GMU, employees must provide a valid certificate of auto insurance to be eligible for the vehicle allowance and must provide that information in a format acceptable to the Company.

VIII. Complement Agreement

A. The Company agrees to maintain through May 31, 2007, the complement levels that were agreed to in the following side agreements:

1. Underground Lines Agreement dated June 5, 2000 (see section B.9.);
2. T & D Test Agreement dated April 15, 2003 (see section B.11.);
3. Transformer Shop Agreement dated April 15, 2003 (see section B.11.);

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B. With respect to the Administrative Agreement dated October 2003, the parties agree as follows:

1. The Company agrees to maintain through May 31, 2007 at least five (5) Lead Principal Administrative Assistants.
2. The parties agree that section C.1. of the Administrative Agreement (transfers by seniority) was intended to only apply to Leads. The Company reserves the right to transfer other employees based on business needs without regard to seniority.

C. With respect to Substation Maintenance and Construction, the Company agrees to maintain eleven (11) Leads through May 31, 2007.

D. With respect to Substation Maintenance and Construction Test, the Company agrees to maintain two (2) Pay Grade 19s through May 31, 2007.

IX. Excused with Pay (EWP)

Effective January 1, 2005, the Company will eliminate its corporate policy of providing non-exempt employees with up to twelve (12) hours of Excused with Pay to conduct personal business that cannot be scheduled during non-working hours. The policy refers to "urgent personal business that cannot be transacted during non-work hours or on days off, such as a family emergency or a medical appointment." The Union agrees that no grievance may be processed concerning the Company's elimination of this policy. For the duration of the 2004 Labor Agreement, however, the Company agrees that it will continue to allow up to one (1) hour of Excused with Pay time to be used in 15-minute increments for tardy incidents consistent with the current corporate policy.

X. Grievance Backlog

A. In attempt to resolve the current grievance backlog, the parties agree to schedule at least two all-day grievance sessions each month through the end of 2004. At those sessions, the parties will conduct Step 2 meetings to resolve the grievances filed prior to 2004. In the event the backlog has not been substantially resolved by the end of 2004, the parties will agree to extend this process into 2005 as may be necessary. Meanwhile, the parties will separately schedule Step 2 meetings for grievances filed in 2004. The parties recognize that it is in the interest of the Company and the Union to address grievances within the time limits provided in Article 17.

B. Further, to improve administration of the grievance process and to better ensure no grievance falls between the cracks, the parties agree to exchange grievance information electronically, including transmission of grievances.

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step-one answers, step-two requests, step-two answers, and requests for arbitration.

- C. The parties intend to improve administration of the grievance process through the steps outlined in A. and B. above. If after two years of such efforts, the grievance backlog persists or there are protracted delays in the grievance process, the parties will convene a Working Group to address the problems.

XI. Joint Health Care Committee

The parties agree to establish a Joint Committee to review plan expenses and calculations that affect annual rates. The Committee will also work to control health care costs.

The parties agree that no Committee disputes are subject to the grievance or arbitration process. This does not preclude the filing of a grievance over the application of the Labor Agreement to a matter being discussed by the Committee.

XII. Working Group on Telecommuting

- A. Effective upon the ratification of the Contract, the parties agree to establish a working group to explore the feasibility of initiating a "Telecommuting" pilot program in the Customer Operations Department Call Center(s). The parties understand that this endeavor in no way guarantees that a pilot will, in fact, be conducted. The Company reserves the right to commence and/or discontinue any such pilot program at any time.
- B. The Working Group will discuss and document the requirements for conducting a telecommuting trial. Documentation will include an estimate of all costs to conduct a trial over a specific period of time as well as potential criteria for helping the Company evaluate whether the trial was a success. The Working Group will be expected to complete its work within 3 months of ratification of the 2004 Labor Agreement.
- C. The Working Group will be comprised of no more than two Company and two Union representatives.

XIII. Working Group on Overtime

- A. The parties agree to establish a small Working Group to review Article 7 of the Labor Agreement to determine how to improve administration and reduce disputes. Among other things, the Working Group will review posting of the overtime lists to ensure proper administration, will review overtime selection practices to ensure compliance with the contract sections and will help

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develop a training program to ensure proper administration of the provisions of Article 7. The Working Group has developed a preliminary Work Plan to facilitate achieving these objectives.

- B. The parties also agree to endeavor to resolve all pending grievances on overtime disputes by the end of 2004.
- C. Once the training on overtime administration has been completed and once the parties have endeavored to resolve all pending grievances on overtime disputes, the parties agree that they will zero out all charged overtime hours on 1-1-05, as a one-time action. In other words, all employees will have their charged hours reduced to zero and employees will be listed in order based on the final OT report for 2004.
- D. The parties agree that no Working Group disputes are subject to the grievance or arbitration process. This does not preclude the filing of a grievance over the application of the Labor Agreement to a matter being discussed by the Working Group.

XIV. Grievance Mediation Process

- A. The Company and the Union agree to continue the grievance mediation program that was originally established in 1990 under the following conditions:
 - 1. Only grievances which do not involve drug and/or alcohol related and discharges may be considered for possible mediation. Either party, however, reserves the right to decline mediation in a particular case (or category of cases), regardless of the subject matter.
 - 2. Before consideration of a grievance for mediation, all requirements of the grievance procedure must have been met in a timely manner as described in Article 17 and 18, unless expressly waived by both parties. Grievances that remain unsettled after the Company has provided a Step 2 answer may be considered for possible mediation, assuming the Union has already timely requested arbitration or has requested mediation within 2 weeks of receiving the Step 2 answer.
 - 3. Grievances will be submitted for mediation only upon the mutual agreement of both parties. The parties shall agree on the mediator to hear any particular grievance.
 - 4. For purposes of this Memorandum of Understanding, "mediation" is defined as an alternative dispute proceeding that assists opposing parties in reaching their own resolution of the grievance by actions of a third

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party, which include the suggestion of a possible basis for the parties settling their dispute and, in the absence of a settlement, will generally include an advisory opinion.

5. No more than one (1) day of mediation shall be scheduled in any five (5) days for a single team of advocates. The number of cases to be heard on any given day will be established by mutual agreement of the parties. The parties, however, will reasonably endeavor to schedule like grievances to facilitate resolution of disputes. Cases may not be scheduled with less than ten (10) working days notice. Either party may postpone any case if the party deems it necessary or propose substitution of another cases, provided time constraints described above can be met.
6. The parties will be responsible for costs associated with mediation as described below:
 - a. The costs of the mediator or any third party consultant brought in to assist both parties in the mediation process shall be equally shared by the Company and the Union.
 - b. Each party shall be responsible for the cost of the training of their own advocates.
 - c. Bargaining unit employees will not be compensated by the Company for time spent in preparation for or at mediation hearings.
 - d. In the event a cancellation fee is incurred, such fee shall be the sole responsibility of the canceling party.
 - e. The Company will be responsible for the scheduling of the mediator and will advise the Union accordingly.
 - f. The parties shall split costs for conducting mediation hearings, including any costs for the facilities or the mediators.
7. Except where the parties have mutually agreed otherwise, the Company and the Union team for any individual case will be limited to four (4) persons each, including the advocate and the Grievant. Each party shall have one principal spokesperson at the mediation hearing. In addition, the parties will be free to permit up to two (2) observers at each hearing; observers shall not be permitted to participate in that hearing except by mutual consent of the parties.
8. The parties agree to utilize the training program established by the Mediation Research and Education Project, Inc. Every advocate at

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mediation should complete this formal training program, absent consent of the opposing side.

9. Each party shall be allowed to submit a written statement to the mediator for each case to be presented at the hearing, briefly outlining its case and arguments. Except where the parties have mutually agreed otherwise, the statements must be limited to four (4) pages (double spaced, typed, on 8 ½ by 11 paper).
10. During hearings, the parties will not be bound by formal rules of evidence and neither advocates nor witnesses shall be sworn.
11. The mediator will have the authority to meet separately with each side; however, the party's advocate must be present for any such meetings between the mediator and any participant of the advocate's team.
12. Absent a settlement, the mediator will be requested to give a written statement as to his/her opinion in each case, including a brief statement of the grounds for that opinion, on the form made Attachment P to the General Memorandum of Understanding. Such written opinions are to be completed by the mediator at the hearing and given to both parties at that time. All opinions given by the mediator are advisory only and in no way diminish either party's right to utilize the arbitration process under the provisions of Article 18 of the Collective Bargaining Agreement. Except as provided in Paragraph 13 below, the mediator's opinion may not be used in any other forum. Further, no position, statement or evidence provided during the mediation process may be used in any other forum against the party who gave it; however, this will not preclude either party from citing the same information acquired through some other method (such as grievance meetings, Article 16 meetings, unemployment hearings, etc.) in another forum. However, this Agreement does not restrict the Company's staff that handles labor relations matters or Local 1900 Business Representatives from discussing, between these parties only, that an issue or case was previously heard in an alternative dispute resolution proceeding and the outcome of that case(s). The mediator may retain one copy of his/her opinion to be used solely for purposes of statistical analysis.
13. In the event that the Company or the Union receives an adverse opinion from the mediator and subsequently proceeds to arbitrations under the provisions of Article 18 of the Collective Bargaining Agreement, the party moving the case to arbitration will be responsible for the entire cost of the arbitrator, if the arbitrator's opinion reaches substantially the same conclusions as the mediator. In the event that there is a dispute as to whether the conclusions of the mediator and the arbitrator deciding the

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case under the provisions of Article 18 are "substantially the same," that question will be referred back to the appropriate mediator, along with a copy of the award, for determination of that issue only. Both parties agree to be bound by this determination.

14. Any settlements reached or opinions rendered or adopted as a result of the mediation process are reached on a "without precedent" basis, unless the parties expressly agree otherwise in writing. However, in the event that a grievant wishes to accept a settlement resulting from this process, he/she will be required, in writing, to waive or terminate all rights to any pending or future litigation collateral to the grievance as described in Attachment Q of the General Memorandum of Understanding.
15. No decision or action taken as a result of this process can be the subject of a grievance.
16. The Grievance Mediation Process outlined above supersedes Attachment D to the General Memorandum of Understanding of the 1993 Collective Bargaining Agreement and will continue in effect for the duration of the 2004 Collective Bargaining Agreement, and any agreed-upon extension to that Agreement which incorporates this Memorandum by specific reference; however, either party reserves the right to terminate this process with sixty (60) days notice to the other party. Further, the parties may, upon mutual agreement, modify or amend this Memorandum without terminating the rest of the memorandum at any time. It is understood that this process is agreed to on a "without precedent" basis and nothing in this process dilutes or concedes either party's rights or position in the future in any forum.

XV. Mutual Assistance

A. Mutual Assistance Definition

Mutual Assistance is defined as a situation/occurrence when the Company's management promises to assist other utilities for the purpose of restoring their electrical power during major emergencies – by providing manpower, materials and other logistical assistance. This definition includes all personnel within Overhead Lines Rockville and Forestville, Stores, Fleet and other areas of the Company as well as supporting contractor resources.

B. Management Decisions

During Mutual assistance situations, management will decide the following:

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1. The level of support to be offered, including the type of assistance (Company personnel, supporting contractors or both), the manpower assistance to be provided (the number of personnel in each major classification for each major operating organization), and other ancillary support activities (vehicles, materials, and other support personnel such as Fleet).
2. The Company's management will generally define the length of the mutual assistance. It is subject to change once the mutual assistance crew(s) reaches the destination and on-going management determination is made on the amount to the work and assistance required.

In a situation when some of the crews have to be released early (from a foreign utility's work site or one of its service centers), it will be done on a volunteer basis, as far as practical and consistent with the remaining work requirements and logistics. If there are insufficient volunteers, the release of the required number of personnel will be done in accordance with the latest applicable Overtime Roster available on the site. In other words, the Company will release employees in the affected job classifications who have the highest amounts of charged overtime hours as reflected in the latest applicable Overtime Roster.

3. Management will make assignments of specific locations should there be more than one Company/Service Center request for mutual assistance. In a situation when some of the crews have to be released early from one Company or Service Center, but not the other, then releasing will be confined to employees working at the affected Company/Service Center.
4. Consistent with the business needs of Pepco and the type of assistance requested, a reasonable attempt will be made by the management to distribute the manpower assignments between Rockville and Forestville Service Centers. Management's judgment will be predominantly guided by the availability of personnel, work loads and system needs/risks at each of the Service Center.
5. Management will provide reasonable preparation time (consistent with the urgency of the requested assistance) to employees who are assigned for mutual assistance so that they can obtain clothing and other items and prepare to travel outside the Company's service territory.

C. Method of Selection for Mutual Assistance Assignment

1. All qualified personnel within the area that is offering mutual assistance will be eligible to be considered for the mutual assistance assignment. The polling for mutual assistance assignment and final selection will be

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done in accordance with Section 7.17 (a) of the Labor Agreement for each of the job classifications affected. Once a sufficient number of employees have volunteered, polling will cease. There will not be any "bumping" allowed once assignments are made to the qualified and available employees.

For example, assume 5 employees in a job classification are needed for a mutual assistance assignment and no employees are presently at work. Assume that management calls employees at their homes in accordance with Section 7.17 (a). Assume further that management is unable to reach the employee with the lowest amount of charged overtime hours ("Employee A" in this example) but leaves a voicemail on his/her answering machine. Meanwhile, the next 5 employees on the Overtime Roster accept the assignment. Thus, management has a sufficient number of volunteers designated. Thereafter, Employee A returns management's call. Employee A is too late in his/her response and will not be allowed to bump another employee off the assignment.

2. If personnel pre-assigned to trouble crews or non-regular shifts opt for mutual assistance, it is likely that the Company will have to fill-in the vacant spots on those crews and shifts with the remaining personnel from those classifications who will not be providing mutual assistance. If so, management will seek volunteers to fill the trouble crews and/or non-regular shift duties.
 3. If the required number of slots cannot be filled on volunteer basis, then the Company will assign available qualified employees to trouble crews and/or other non-regular shifts in accordance with Article 6.
 4. Persons working overtime for mutual assistance will be charged for the overtime worked for the purpose of Company's Overtime Distribution Roster in accordance with the Labor Agreement.
- D. No grievances can be filed if the Company follows the procedures set forth above.
- E. The Company agrees to pay the 17 affected employees in grievance numbers 00-36 and 00-37 thirty-two (32) hours at straight time pay at their current rates as full settlement of these grievances. The settlement is without precedent.

XVI. Provisions Affecting New Employees

- A. The provisions set forth below apply to any employee hired on or after January 1, 2005.

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B. Pension Plan for New Employees

Effective January 1, 2005, any employee hired on or after that date shall participate in a new defined benefit pension plan. Any employees hired before that date shall participate in the Pepco General Retirement Plan. The key plan provisions of the new defined benefit plan are as follows:

1. Pensionable Earnings

Pension Benefits shall be based on an employee's "base rate of pay" using an employee's average earnings for the employee's highest 60 consecutive months of Benefit Service, which shall be referred to as "Final Average Earnings." Base rate of pay is the amount of an employee's regular basic compensation from the Company excluding overtime and other forms of extra compensation such as shift differentials, temporary upgrades, incentive pay, etc.

2. Benefit Formula

When an employee eligible for a pension benefit under the Plan retires, terminates or dies, the Company will use the following formula to determine his/her age 65 monthly benefit payment:

1.3% (.013) times Final Average Earnings times years of Benefit Service (up to 30).

3. Service

- a. Vesting Service determines when an employee has a non-forfeitable right to a retirement benefit. An employee begins to accrue Vesting Service on the first of the month following their date of employment or the first of the month following their 18th birthday, whichever occurs later. Once an employee has five (5) years of Vesting Service, he/she has a right to a benefit from this Plan—even if the employee leaves the Company before retiring. If an employee retires early, Vesting Service also will be used to determine whether the individual is entitled to unreduced benefits.
- b. Benefit Service is used to determine the amount of benefit to which an employee may be entitled. An employee begins to accrue Benefit Service on the first of the month following their date of employment or the first of the month following their 21st birthday, whichever occurs later. An employee may earn up to a maximum of 30 years of Benefit Service.

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4. Normal Retirement

An employee's Normal Retirement Date is the first day of the month that follows his/her 65th birthday or the fifth anniversary of the day he/she became a Plan member, whichever is later.

5. Early Retirement

Employees may retire as early as age 55 and receive a benefit from the Plan providing they have completed at least 10 years of Benefit Service. Employees who retire early will receive a reduction of 3% per year unless the employee is at least age 62 with 20 or more years of Vesting Service. If an employee has 20 or more years of Vesting Service, there will be a 3% reduction per year for every year the employee is under age 62 (pro rata reduction for partial years). If an employee has less than 20 years of Vesting Service, there will be a 3% reduction per year for every year the employee is under age 65 (pro rata reduction for partial years).

For example, if an employee with less than 20 years of Vesting Service retires at his/her first opportunity after turning age 55, he/she will receive 70% of his/her age 65 benefit. If an employee with 20 or more years of Vesting Service retires at his/her first opportunity after turning age 55, he/she will receive 79% of his/her age 65 benefit. An employee who is at least age 62 with 20 or more years of Vesting Service will be able to retire before age 65 with an unreduced benefit (no early retirement reductions).

6. Consistent with its rights under Section 22.12 of the Labor Agreement, the Company reserves the right to establish administrative rules related to the operation of this and other Benefit Plans. The above only sets forth a summary of key Pension Plan provisions. The formal Plan document shall contain more detailed information and will govern in the event of any questions regarding application of the Plan. The Plan is subject to regulatory approval.

C. Retiree Medical for New Employees

Any employee hired on or after January 1, 2005, shall be allowed to participate in whatever Retiree Medical Plan may exist at the time of his/her retirement provided the employee has at least 10 years of service at the time of his/her retirement; however, any such person must pay the full costs for such coverage. The monthly cost for Retiree Medical coverage will be determined using the methodology set forth in the 1993 General Memorandum of Understanding (GMU) between the parties. The parties agree to establish a small working group to explore the viability of

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establishing a tax-favored savings mechanism, such as a VEBA, for new employees to save toward the cost of Retiree Medical. The parties, however, recognize that the tax laws have changed materially in recent years and there may be legal constraints on such options.

D. Vacation Benefits for New Employees

Any employee hired on or after January 1, 2005, shall be eligible for vacation based on his/her continuous service. Except for employees who have less than one year of service as of December 31 of the previous year, an employee's vacation allowance will be determined by the length of service they will have at the end of the year in which they are taking vacation based on the following schedule:

<u>Continuous Service</u>	<u>Maximum Vacation Allowance</u>
Less than 6 months	1 day for each full calendar month of service not to exceed 1 week
6 months	2 weeks
5 years	3 weeks
15 years	4 weeks
25 years	5 weeks
30 years	6 weeks

To be eligible for Vacation in a given year, new employees must also meet the requirements set forth in the 2004 Labor Agreement.

E. Section 9.06 of the Labor Agreement shall not apply to any employees hired on or after January 1, 2005.

F. Effective January 1, 2005, the Sick Leave benefits for employees hired on or after that date shall be as set forth below.

1. During an employee's first year of employment, he/she shall accrue 10 Annual Allowance Days on January 1 that shall be available for use during the first 20 days of any absence.
2. Except during an employee's first year of employment, employees shall accrue 5 Annual Allowance Days each year that shall be available for use during the first 20 days of any absence.
3. Any unused Annual Allowance Days in a given year shall be carried over into succeeding calendar years for use during the first 20 days of any absence.

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4. As soon as practicable after the end of a calendar year, an employee who has at least 20 days in his/her Carryover Bank may opt to sell back a maximum of 5 of those days at his/her regular base rate then in effect at the rate of one day for every full day.
5. When an absence exceeds 20 working days, it will be covered under the following schedule beginning on the 21st day of the absence, which shall be called the Short-Term Disability Schedule.

Continuous Service (in years)		Full Pay	3/4 Pay	1/2
Pay				
At least:	But less than:			
1	2	2	NA	4
2	5	3	NA	6
5	10	8	NA	14
10	20	10	NA	12
20	25	14	8	0
25	25	16	6	NA
30		22		

6. When an employee draws upon his/her Short Term Disability Schedule in Section F.5. above, the employee's balances shall be reduced accordingly. When an employee has worked fifty-two (52) weeks between Short Term Disability cases, the next Short Term Disability case shall be considered a new case. When an employee has received the maximum allowance indicated in the Short Term Disability schedule, he/she shall not be eligible for further allowances until he/she shall have performed his/her normal duties for a continuous period of fifty-two (52) weeks.
7. An employee who dies, retires or is furloughed shall be paid at one hundred percent (100%) of the employee's regular basic rate then in effect for all unused days in his/her Carryover Bank. An employee whose employment with the Company is terminated for cause shall not be paid for any unused days in his/her Carryover Bank. An employee whose employment with the Company is otherwise terminated on a voluntary basis shall be paid at fifty percent (50%) of the employee's regular basic rate then in effect for all unused days in his/her Carryover Bank.
8. The other provisions of Article 13 shall apply except to the extent inconsistent with the provisions set forth in this Section.

XVII. Administration of Section 13.16 of Labor Agreement

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- A. The parties have agreed in Section 13.16 of the Labor Agreement to institute a 2-year pilot during which time employees absent due to sickness will not be disciplined for excessive absenteeism for using the first two Annual Allowance Days in any given year.
- B. The parties also agreed in Section 13.16 that in early 2007, the Company and Union shall review the total number of 2006 sick days (paid or unpaid), including Family & Medical Leave (FMLA) absences, but excluding Sickness Disability Cases (on a per employee basis). Subsection (a) shall continue for the duration of the 2004 Labor Agreement providing the total number of 2006 sick days (paid or unpaid), including FMLA absences, but excluding Sickness Disability Cases (on a per employee basis) is reduced by at least 20% compared with the total number of 2003 sick days, including FMLA absences, excluding Sickness Disability Cases (on a per employee basis); otherwise, subsection (a) will become null and void effective 1-1-07.
- C. The parties will use the following methodology to calculate the total number of sick days (on a per employee basis) excluding Sickness Disability Cases for 2003 and 2006. First, the parties will agree on what Company records to use both for obtaining the number of employees and the number of sick days used for 2006. Second, using Company records, the Company will obtain the number of employees on January 1 and December 31 of each year, add the two numbers together and divide by two. For example, there were 1370 bargaining-unit employees on 1-1-03 and 1270 on 12-31-03. The total of 2640 divided by 2 yields an average number of 1320. Third, the Company will obtain from Company records the number of hours in sick occurrences for absences of 6 or fewer days. The total number of such hours in 2003 was 32,700.25. That number (32,700.25) shall be divided by 8 to convert the hours into days (4087.53). That resulting number (4087.53) divided by the average number of employees for the year (1320) produces the average number of days on a per employee basis for the year (3.1 days in 2003). Accordingly, to continue the pilot program for the duration of the Labor Agreement, the average number of days in 2006 has to be 20% less than it was in 2003, which computes to 2.48 days on a per employee basis ($3.1 \times 80\% = 2.48$). In other words, if the number of days in sick occurrences for absences of 6 or fewer days, on a per employee basis, is 2.48 days or fewer in 2006, Section 13.16 (a) will continue for the duration of the Labor Agreement.
- D. The parties agree to follow the method described in III. above in early 2005 to determine the average number of days on a per employee basis for 2004 as a test run to ensure the parties will be able to properly calculate the numbers for 2006.

XVIII. Storm Settlements – Time Coding

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The parties agree to resolve time coding issues arising out of Hurricane Isabel and the storm in August 2003 as follows:

- A. The Company agrees that it will not seek restitution for any overpayments arising out of those storms absent a discovery of a major calculation error that results in an extreme overpayment. It will not seek restitution where management assumed a premium should be paid when in retrospect, it was inappropriate.
- B. The Union agrees it will not pursue cases where employees allege they should have been paid a change of schedule premium for more than 8 hours in a day.
- C. The Union agrees it will not pursue cases where employees allege that they did not receive a change of schedule notice in writing and therefore they should receive an additional premium. The Company agrees that employees should receive changes of schedule in writing and will endeavor to improve compliance with this section of the Labor Agreement.
- D. Since the storms and their aftermath constituted emergencies under Article 7, the Union will not pursue grievances alleging improper distribution of overtime.
- E. The Union will not pursue cases where employees allege they should have been paid the same as other employees. For example, some employees allege they should have received Code 85 D time like other employees did. Such cases will not be pursued.
- F. The Union will not pursue cases where employees allege they should have worked a different shift or schedule than they were assigned.
- G. With respect to meal allowances, the parties agree that no employee is entitled to a meal allowance if the Company provided an adequate meal. The Union may bring forward any case where an employee had a meal allowance removed from his/her time sheet providing the employee provides a statement that there was no food available at the time he/she tried to eat. Such cases must be brought forward within 90 days of ratification of the 2004 Labor Agreement. The fact that an employee may not like the type of food available is not an adequate reason to justify payment of a meal allowance. Any employee who was provided a meal at a restaurant at Company expense shall not receive a meal allowance in such an instance.
- H. The Union will not pursue cases where employees allege they were placed on call when staying at a hotel paid for by the Company.

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I. The parties agree to review individual cases of employees who submit time sheets or the like showing that they were paid incorrectly for hours worked during the storms in question. Such time sheets or related information must be furnished to the Company within 90 calendar days after ratification of the 2004 Labor Agreement.

J. The parties agree that this settlement is without precedent to any future issue.

XIX. Corporate Accounting/Accounts Payable

The parties have agreed to transfer two employees from Corporate Accounting to similar jobs in Accounts Payable as described in Attachment D to the General Memorandum of Understanding.

XX. Billing Services & Investigations

In order to increase flexibility, enhance performance and overall productivity of the workforce in the Billing Services and Investigations Department, the parties have agreed to various changes in jobs as described in Attachment E to the General Memorandum of Understanding.

XXI. General Services Support – Chauffer Agreement

The parties have agreed to change the title and grades of two jobs in General Services Support as described in Attachment F to the General Memorandum of Understanding.

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XXII. Customer Operations Agreement

The parties have agreed to various changes in jobs as described in Attachment G to the General Memorandum of Understanding.

XXIII. Customer Credit Agreement

The parties have agreed to various changes in jobs as described in Attachment H to the General Memorandum of Understanding.

XXIV. Revenue Accounting Agreement

The parties have agreed to various changes in jobs as described in Attachment I to the General Memorandum of Understanding.

XXV. SMC Testers Agreement

The parties have agreed to various changes in jobs as described in Attachment J to the General Memorandum of Understanding.

XXVI. Substation Design Agreement

The parties have agreed to various changes in jobs as described in Attachment K to the General Memorandum of Understanding.

XXVII. UG High Voltage Agreement

The parties have agreed to various changes in jobs as described in Attachment L to the General Memorandum of Understanding.

XXVIII. UGL – Line Locator Agreement

The parties have agreed to various changes in the Line Locator position as described in Attachment M to the General Memorandum of Understanding.

XXIX. Photographer Agreement

The parties have agreed to various changes in the Photographer position as described in Attachment N to the General Memorandum of Understanding.

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XXX. URD Agreement

The parties have agreed to various changes in the URD Mechanic positions as described in Attachment O to the General Memorandum of Understanding.

XXXI. UGL Construction & Maintenance Agreement

The parties have agreed to various changes in the jobs as described in Attachment P to the General Memorandum of Understanding.

XXXII. Prior Rights Aide A Agreement

The parties have agreed to changes regarding the Prior Rights Aide A as described in Attachment Q to the General Memorandum of Understanding.

IN WITNESS WHEREOF, on this 1st day of July 2004, the parties have caused their appropriate and duly authorized representatives to sign this General Memorandum of Understanding, signifying thereby their agreement hereon. This Agreement has been ratified by bargaining-unit members.

For the Union

/s/ John A. Coleman

John A. Coleman
President/Financial Secretary/
Business Manager

/s/ Charles A. Black

Charles A. Black
Business Representative
& Treasurer

/s/ Joseph E. Hawkins

Joseph E. Hawkins
Business Representative
& Executive Board Member

/s/ Richard Strong

Richard Strong
Recording Secretary

For the Company

/s/ Stanley A. Wisniewski

Stanley A. Wisniewski
Vice-President – Operations

/s/ Ernest L. Jenkins, Sr.

Ernest L. Jenkins, Sr.
Vice-President – PHI Power Delivery
People Strategy & Performance
Improvement

/s/ William J. Wolverton

William J. Wolverton,
Manager, PHI Strategic Labor Relations

/s/ Eileen M. Appuglies

Eileen M. Appuglies
Manager, Employee Services

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/s/ Tiajuana M. Barnes

Tiajuana M. Barnes
Service Rep A

/s/ James A. Griffin

James A. Griffin
Technical Assistant A

/s/ Thomas F. Kite

Thomas F. Kite
Lead Line Mechanic

No part of the service
we render, nor any
job that we perform,
shall ever become
so important that we
cannot take the time
to do the job safely!

